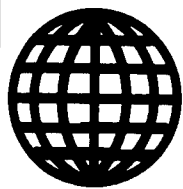


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10 APRIL 1992



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Macedonian Daily on Bulgaria's VMRO-SMD

92BA0714A Skopje NOVA MAKEDONIJA
in Macedonian 16 Mar 92 p 6

[Article by Vladimir Tulevski, permanent NOVA MAKEDONIJA correspondent: "European Exterior but Balkan Interior!"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Article 49 of the Macedonian Constitution, which makes it incumbent upon the state to show concern for Macedonians outside Macedonia's borders, is interpreted by Bulgarian diplomacy as violating the European way of thinking.

"Concern for Bulgarians in Macedonia"

Sofia, Mar—Recently, after a close study of all areas of social life in Bulgaria and the "census" conducted in accordance with the legal acts on which democracy here is based, experts from the Council for Europe noted, among other things, that "Article 11, Paragraph 4 of the Constitution, which forbids the establishment of political parties on an ethnic, racial, or religious basis, sets a precedent and erects a major obstacle to Bulgaria's participation in the community of European democracies."

"European Politeness"

Practical steps confirm that the Bulgarian Constitution, as well, is inconsistent in some of its parts with the European way of thinking on which, of late, official Sofia diplomacy has been insisting, led by popular Minister Stoyan Ganev. On the surface, one finds nothing unusual when discussing the errors that are being made in the course of mastering democracy and when efforts are made to adopt European "good manners." On the macro level, however, matters are somewhat different, and here is why:

During his recent tour of the Balkans and visits to Skopje and Belgrade, Stoyan Ganev, the head of Bulgarian diplomacy, initially expressed concern that the Macedonian Constitution insisted, in a specific article (49), that Macedonia should not abandon anyone who belongs to the Macedonian people but lives outside the state borders. He thinks that this clashes with the European way of thinking, and, second, he views as his greatest success of his visit to Serbia the understanding he found among his colleagues in Belgrade on the question of the fate of Bulgarians in that Republic.

The conclusion is self-evident: Bulgaria, therefore, has the right to be and must be concerned with Bulgarians living outside its land (frequent mention is being made in this case of the Bessarabian Bulgarians), which is entirely consistent with modern European democratic principles; other countries, Macedonia, in particular, have no right to such concern, and, if Macedonia shows it, it is doing something considered obsolete and uncivilized.

A more profound study of this idea clearly shows Bulgaria's equivocal attitude toward such unsolved problems. In this context, it is unnecessary once again to ask why Ilinden, the Macedonian organization, was suppressed by force; it has already become boring to point out the illogical nature and disparity between words and deeds, prohibitions and declared principles, according to which "every person must determine what he is and be what he feels he is." Other than that, one cannot close one's eyes or plug one's ears to the classical anachronism, which, generally speaking, does not prevent the makers of Bulgaria's new foreign policy from delivering extensive lectures and expanding on their "European accents." This applies to the status of the VMRO-SMD [Internal Macedonian Revolutionary Organization-Union of Macedonian Societies], which is pursuing exclusively foreign objectives.

The SMD, which became active after the fall of the Zhivkov regime, became very active on the Bulgarian political scene during the procommunist governments of Andrey Lukanov and Dimitur Popov, when the Union of Democratic Forces [SDS] was waging its difficult struggle for power and, under those circumstances, was pursuing a complex foreign policy originating from several different centers.

Great-Bulgarian Truths

It was at that time that the union added to its name the abbreviation VMRO (which is totally inappropriate as an internal organization in this land), solely in order to counter the VMRO-DPMNE [VMRO-Democratic Party for Macedonian National Unity] in Macedonia, as well as Ilinden, which was the organization of Macedonians in Pirin Macedonia and which, because of its mass membership, began to be viewed as "threatening" in that country. The nationalistic circles within the government at that time, which could not boast of many democratic intentions, chose the VMRO-SMD, which they financed and encouraged so that, with its help, they could mount an anti-Macedonian campaign while, in the eyes of Europe and the Council of Europe, they preserved their "clean" appearance. It was then that the VMRO-SMD was given back its former property and began to publish a newspaper and put out a variety of other publications with an anti-Macedonian content, and even to delve into "science" and historically try to prove certain "Great-Bulgarian truths."

Unfortunately, the VMRO-SMD, whose Article 1 of the statutes that were registered with and accepted by the state, stipulated that "it shall struggle against the denationalization and assimilation of the Bulgarian population in Vardar and Aegean Macedonia," held its positions and pursued this "struggle," despite the fact that it was fruitless under the new conditions of the new regime, governed by the SDS, while foreign policy was being organized on different and modern democratic foundations, as it becomes apparent whenever realities and not myths are debated.

Every Friday, through its newspaper, financed by Bulgaria and some parts of the world where money is no object, the supremacist VMRO-SMD continues to disseminate and promote the ideas of Great-Bulgarianism and repeat the San-Stefano stories about the Balkans, distorting history, quoting allegedly "authentic" documents, and pulling out of mothballs various "revolutionaries" and other individuals who allegedly fought for the preservation of "Bulgarianism" in Macedonia.

Actually, to the surprise of neutral observers, such activities by this "purposeful" organization, are also being tolerated by the SDS, whose government and diplomacy have so far frequently and most firmly stressed that Bulgaria has no territorial claims whatsoever on Macedonia.

We are not dealing here with some kind of real threat presented to Macedonia by the VMRO-SMD as a propaganda center, with its few hundred worn-out spokesmen. As in the past, the supremacists in the future will not be able to convert the Macedonian people and "strike" at their independence and their sovereign state. The question is one of principle: the extent to which the new Bulgarian diplomacy views as a threat the statement included in the Macedonian Constitution on Macedonians outside the state borders or the threat of some kind of territorial claims. In that case, in the spirit of the European way of thinking, attention should be paid to what is occurring at home. One should not maintain the impression that foreign activities are conducted in a European spirit, while domestic activities are pursued in the spirit of the Balkans. All this does is contribute to good-neighbor relations.

Dimitov, Ganev Differ Over Relations With Arabs

*AU1004102492 Sofia 24 CHASA in Bulgarian
4-5 Apr 92 p 2*

[Article by Dimitrana Aleksandrova: "Prime Minister Wins Fight With Stoyan Ganev"]

[Text] The longstanding dispute between F. Dimitrov and St. Ganev concerning Bulgarian policy toward the Arab countries ended with the prime minister's victory, a source close to the prime minister claimed, but caused losses for many businessmen.

Bulgaria's relations with Libya have needed revision for some time, but the foreign minister resisted F. Dimitrov's demands. Now the UN Security Council sanctions against Libya will cause losses valued at millions for our traders, the source claims. Alarmed businessmen are reported to be telephoning the Council of Ministers constantly for consultations.

Ganev is new to diplomacy, the source added, and, instead of paying attention to the prime minister's experienced advisers, listens to his own ministry's counselors, who are in close contact with Arab organizations.

Last week the same source said that Bulgaria intends to review its relations with Libya and Syria. This was

denied by a Foreign Ministry declaration issued immediately following Ganev's return from abroad.

DUMA Article Fears 'Latin Americanization'

*AU0604101892 Sofia DUMA in Bulgarian
28 Mar 92 p 6*

[Article by Chavdar Krustev: "A Rather Pessimistic Theory About the Bulgarian People"]

[Text] The global interests of one or another great power have always influenced the Bulgarian people's fate at all stages of their historical development. While the great powers were fighting each other, the poor Bulgarian people had to suffer the most painful blows. The reason for this was not that we ignored our own interests, even if they were not as important as those of the great powers. The reason was not because we were incapable of defending our interests. It was because we were always ruled by an upper crust of the most corrupt type, which preferred to overlook our country's long-term interests and to run after momentary profits, likely to make them even more prosperous. The global underrating of our motherland's interests at crucial moments of our history made Sofia, from a statistical point of view, the capital with the greatest per capita number of foreign advisers to the most uneducated, but treacherous and corrupt political leaders.

Things are not very different today. Our present political upper crust is now sticking to the most brilliant, rather than to the most solid alliances. Let us remember the servile reverence and the hysterical screams glorifying the "USA" [on the occasion of Vice President Quayle's Sofia visit]. That was really something unheard of! None of the ideologists of our preorientation, however, dared to tell the Bulgarian people what happened to the countries that accepted the U.S. economic model and stretched out their hands toward the IMF. The desolate situation of the Latin American countries is a taboo subject for our media. News about the astronomical amounts of their foreign debts and the level of inflation of their national currencies are forever relegated to the fading issues of the former daily RABOTNICHESKO DELO. God forbid that someone should publish pictures of the shanty towns in Rio, Lima, or other capitals within the reach of U.S. global interests.

Bulgarian citizens are carefully prevented from learning that, compared with the places where the United States, the IMF, and the transnational monopolies have established themselves, the East European variety of poverty could be considered pure luxury. At the same time, European luxury in its most Western variety is considered the greatest misery by a different, extremely small stratum of people. The subservience to U.S. interests is likely to result in a Latin Americanization of Bulgaria, with all its consequences, such as economic chaos, drastic disintegration of the population, and violent class

struggles. Last, but not least, we should mention the draining of our national wealth toward the "generous" North American creditors.

One could object to this by saying: "Do we really have so much to sell?" This is a valid remark because "anticommunism" is not a commodity that can be sold for money. If this were so, we would already be covered with gold. We have no jungle, no precious trees with rare fruit, no virgin forests that represent an invaluable ecological asset, no Andes with all their flowers, rare metals, and oil deposits, nor do we have endless plantations with cotton or bananas to offer and no inexhaustible and incredibly cheap manpower that could be exploited.

This is so. However, we have our position on the geographical map, which is Bulgaria's blessing and curse at the same time. We have our geopolitical importance, which is a key for the U.S.'s global interests toward the economically independent Europe. This European continent, which was destroyed after World War II, which lost even its last colonies, which accepted the "Marshall Plan" and the stationing of U.S. troops on its territories, nevertheless remained loyal to its own interests and did not turn into an economic and political zone subject to U.S. profit. This Europe, after the disintegration of the USSR (which was rather advantageous for the United States) is increasingly turning into a political and economic power, capable, along with East Asia, of successfully confronting the endless greed of North America. Europe, with its political tolerance and its social democratic spirit, is inflicting serious blows upon the liberalism professed by the United States.

The disintegrating "socialist countries" of Eastern Europe have turned out to be the only opportunity the United States has of penetrating this part of the world.

The independent behavior of Greece toward the United States and its traditional conflict with Turkey, as well as Bulgaria's "socialist" attitude to the United States and the traditional distrust toward Turkey, until recently represented obstacles to such plans.

This is when the great game against Bulgaria started. Since the mid-1970's, the only spies caught in our country have been Turkish. Hotbeds of Turkish nationalism and separatism that had almost been extinguished were revived in our country with assistance from abroad. Individual, small-scale acts of terrorism began. All of this was aimed at provoking a drastic response by Bulgaria in order to discredit it in the eyes of the rest of the world. The attempt to assassinate the pope occurred—prepared, implemented, and used for noisy propaganda by the CIA. Before 1984, it was difficult for Bulgaria to obtain credits, but, as of 1985, our debts increased to an almost unlimited extent. All of these developments escalated until 1989, when the provocations of the terrorist organization headed by Ahmed Dogan led to the great "excursion" [exodus of ethnic Turks from Bulgaria]. To put it more precisely, the developments led to the massive printing of money that totally ruined our

economy. This final blow made the road clear for 10 November 1989, and the events of this day provided an opportunity for petty and corrupt politicians to subordinate our existence to the global interests of the United States and Turkey.

For the time being, Europe is pretending not to notice. This wait-and-see attitude will probably lead to the establishment of a new Iron Curtain along the eastern borders of Croatia, Hungary, Czechoslovakia, and Poland—namely, within the limits of the traditional Catholic Europe. Europe still does not seem to realize that the imperialist ambitions of Turkey, combined with U.S. aspirations to be a global dictator, do not coincide with European interests. Meanwhile, the fifth column of this invasion—namely, the Turkish *gastarbeiters* [guest workers]—has been active in West European countries for a long time. The new Iron Curtain will prove simply ineffective against Turkish-American capital, goods, and manpower.

However, Europe is not worrying. It is credulous. It believes in declarations, not in real deeds. This is its own business. As far as we are concerned, we shall be forced to pay with the price of our national pride.

The smashing of the resistance of the nationally committed and hence pro-European political forces by imposing some form or other of dictatorship by the SDS-Movement [Union of Democratic Forces-Movement] over Bulgaria is the only way to fulfill the commitments assumed by our corrupt politicians. This dictatorship will turn into the most direct path toward the "great profit-making" of which some people dream. Bulgaria's tourism opportunities, along with the development of agriculture and light industry, are likely to turn us into a country like Cuba prior to 1959—namely, the warehouse of the United States. The Bulgarians will become a nation of page boys and chambermaids. No one will spend any money on forms of science and culture that cannot be consumed. We will just be servants....

Do not learn English, learn Arabic and Turkish.

If you do not like this, you are free to pack your bags and emigrate.

As a matter of fact, there is no alternative to this, according to the ruling Movement for Rights and Freedoms and the SDS-Movement upper crust, who are their lackeys.

Zhelev Criticizes Monarchy on Visit to Svilengrad
AU0904090892 Sofia DUMA in Bulgarian
6 Apr 92 pp 1-2

[Report by Vanyo Stoilov in Svilengrad]

[Text] It is stupid now, when we are parting with the communist past, to return to an even more distant past, one covered in mold, President Zhelev said in reply to a

question on the monarchy, adding that Dogan's move in Madrid was not one of his cleverest, and, in any event, not so clever as his statement that Bulgaria's road to Europe passes via the Bosphorus.

On Saturday, 4 April, President Zhelev visited Svilengrad and Kharmanli Municipalities and met citizens, military servicemen, and representatives of the political forces in the region.

Dr. Zhelev pointed out that the land under cultivation in Bulgaria is worth 900 billion leva and represents the country's greatest riches. Industrialization produced material facilities valued at no more than 130 billion leva. The new Land Act creates a land market, is one of the main pillars of the reform, and had to be adopted, the president stressed in a recapitulation of his well-known thesis, describing the National Assembly as a working parliament.

Zhelev announced that it has already been decided to remove the barbed-wire barriers along the southern border, and this will probably be done this year. He believed that, in the future, the problems of the border regions will no longer be resolved by decrees but, rather, by creating a decent livelihood for people, and this depends on the reform.

Some members of the audience at the meeting in Svilengrad with President Zhelev whistled at Klara Marinova, member of parliament from the Parliamentary Union for Social Democracy [PSSD] for Khaskovo District, and gave her no opportunity to speak. Instead of hearing what she had to say, the audience preferred to listen to a complaint from a local man who has not gotten his hunting license back. The visitor made no comment on this fact.

Together with a large group of PSSD colleagues, we visited many Khaskovo villages, and I wanted to convey to the president the people's spontaneous protests against the new Land Act and their clear view that it is impossible to apply. In fact, Dr. Zhelev held a meeting with a select group of enthusiastic SDS supporters and so achieved nothing. Klara Marinova told this to the DUMA correspondent after the meeting.

In Kharmanli, the president was handed petitions against the Land Act from villagers living in Kharmanli and Khaskovo Municipalities.

Constitutional Court Verdict on Judicial Council

AU0904142092 Sofia DUMA in Bulgarian 7 Apr 92 p 1

[Article by Vasil T. Vasilev: "Part of the Amendments to the Supreme Judicial Council Act Are Declared Unconstitutional"]

[Text] The Constitutional Court of the Republic of Bulgaria, in accordance with a decision adopted on 3 April, declared part of the Amendments and Addenda to

the Law on the Supreme Judicial Council Act as unconstitutional. The law in question was adopted by the majority of the 36th Ordinary National Assembly.

The court is convinced that the interpretation of the concepts of "professional qualities," "duty," and "retirement" pointed out in the Constitution are not within the jurisdiction of the National Assembly and repeals the interpretations of these concepts provided by the 36th Ordinary National Assembly. The concept of professional qualities as a requirement for the necessary professional qualification and moral values that was inserted in the law has been repealed. The prerogatives granted to the minister of justice entitling him to submit proposals on the appointment, promotion, demotion, transfer, and dismissal of judges from their posts was declared unconstitutional. According to the court, the rights of the courts of appeal, okrug, and military courts' chairmen in connection with personnel policy in the relevant organs are restored. The Supreme Judicial Council has been deprived of the opportunity to postpone the decision on the question of whether judges, prosecutors, and investigators should be granted tenure after three years of service.

The court rejected the request of deputies from the Parliamentary Union of Social Democracy, who criticized the Amendments and Addenda to the Law on the Supreme Judicial Council Act and demanded that the election of new members of the Supreme Judicial Council by the 36th Ordinary National Assembly be declared unconstitutional. This part of the court decision was reportedly signed, with special remarks, by Judges Pencho Penev, Lyuben Kornezov, and Milena Zhabinska, according to unconfirmed information submitted to us by Neno Nenovski.

The court did not contest the right of active lawyers to be members of the Supreme Judicial Council and the right of the Supreme Court chairman to be a member of the Supreme Judicial Council as a temporary representative of the future chairmen of the Supreme Court of Appeal and the Supreme Administrative Court, which have not been established yet. The prerogative of the Supreme Judicial Council to determine the wages of judges, prosecutors, and investigators and the judicial system budget, which should be directly submitted to the National Assembly, has not been restored.

The decision of the court is final and irrevocable.

New Military Attaches Appointed After Competition

AU0704105992 Sofia BULGARSKA ARMIYA in Bulgarian 1 Apr 92 p 1

[Unattributed report: "New Military Attaches Depart for Tel Aviv, Budapest, and Algiers"]

[Text] For the first time, Bulgarian military attaches have been appointed through a competition, whose requirements had no ideological connotations. The

officers competed in foreign languages and presented documents proving the completion of their study at the Military Academy. The candidates for Tel Aviv and Algiers also had economic education and had higher qualifications than the other candidates. When equal knowledge of the foreign language was established, the knowledge of an additional language was decisive.

The special commission headed by Valentin Aleksandrov, state secretary of defense, tested the candidates' knowledge of Bulgarian history, current affairs, and foreign policy priorities.

Major Todor Sertov departs for Paris; Major Vladimir Aleksandrov for Tel Aviv; and Captain Second Class Tsoncho Tsatsov for Algiers. The position in Bonn remains open until a suitable candidate is found.

Economic Stagnation Near 'Dangerous Proportions'

*AU0704120392 Sofia VECHERNI NOVINI
in Bulgarian 1 Apr 92 p 2*

[Article by Simeon Danevski: "A State Without Revenues Is Not Worth a Penny"]

[Text] Our economic stagnation is assuming dangerous proportions. It is quite natural that the specialists of the IMF and the World Bank would like to know where our country intends to get its revenues in the transitional period to a market economy. The budget should provide the answer to this question. Nevertheless, even after it was drafted and after being released for nationwide publication, the budget did not provide a clear and precise answer to the question about the source of revenues.

It is no secret that the sphere of material production should provide the source for the most solid revenues. However, this production dropped by nearly 25 percent in 1991, as compared to 1990. If we compared the results of 1992 to those of 1989, we would find that the drop in production is even greater. Some of our economic experts claim that this period of recession has been overcome; however, according to Kiril Dunev, candidate of economic sciences, this is by no means true. The drop in production is likely to continue until the end of 1992, which also involves an increased unemployment rate. The great budget deficit—amounting to 9 billion leva—is to the greatest extent the result of a missing concept on the source of revenues for the state budget.

The elimination of the Ministry of Foreign Economic Relations is apparently assessed as a huge mistake today. However, Atanas Paparizov, the former head of this department, and his deputy, Mariana Todorova, who is working as an economic adviser on the president's team today, warned against this act in due time. Nevertheless, their opinion and the opinion of numerous other experts was disregarded. Within a year, only the markets for Bulgarian goods considerably diminished, which is a bad omen for the coming years.

The floating rate of foreign exchange does not show any special fluctuations. This is perhaps due to the fact that it is floating, or maybe it is the result of missing incentives. The budget that was recently submitted to parliament envisages a 65-percent inflation rate. Nevertheless, economic specialists, those of the IMF included, are inclined to accept this figure as a forecast and not as something definite. However, being only a forecast, it may not come true. The government's economic team is conducting a monetary policy, according to which inflation should not exceed a monthly 2-to-3-percent increase; however, it does not seem to be successful in its endeavors.

Regardless of all the various circumstances Minister of Finance Ivan Kostov points out as being responsible for the decrease of tax revenues, his arguments cannot be taken seriously. The economic stagnation is assuming threatening proportions, while the budget does not indicate any methods to deliver our economy from the tightening grip of crisis. Some specialists at the World Bank are submitting their own ideas and solutions. However, at least one of them—namely, the proposal of eliminating the subsidies for our agriculture—is quite unacceptable. It is simply impossible under the present circumstances, the more so since the rate of interest continues to be as high as 54 percent, a fact that puzzled even the Western experts.

Hence, where should our state collect its revenues so that it might exist like a normal state and represent a value for the international market?

For the time being, at least, no one has answered this question satisfactorily. As far as 1992 is concerned, the IMF and the World Bank are likely to disregard this requirement, without going into detail. Nevertheless, this will not solve our problems.

State Railway Company Faces 'Bankruptcy'

*AU0904083092 Sofia TRUD in Bulgarian
3 Apr 92 pp 1-2*

[Article by Nikolay Zhukov: "Bulgarian State Railway Leaves the Rails; Railwaymen Grit Their Teeth"]

[Text] The Bulgarian State Railway Company faces bankruptcy. More precisely, it would have failed already had it not been state-owned and the only railroad company. The sharp fall in freight traffic and the numbers of passengers carried is only part of the gloomy financial and economic picture that developed years ago. Whereas in February 1991 the railways carried 5,078,000 tonnes of freight, in the same month of this year they carried only 2,326,000 tonnes. The passenger situation is similar, declining from 6,775,000 in February 1990 to 5,559,000 in February of this year. It is appropriate to point out that State Railway's main clients are socially disadvantaged people or persons unable to pay full fares, such as students and pensioners, who receive a 50-percent discount when purchasing an annual season

ticket. On the other hand, the material costs are 10 times higher than the prices fixed for passenger fares, freight charges, and handling fees.

In 1990, because of the lack of foreign currency, the government imposed a moratorium on State Railway's payments to foreign railway administrations for journeys on their rail networks. As a result, the company acquired an unwanted but considerable foreign debt. At that time, the rate of exchange was 2.72 leva to the U.S. dollar, whereas now it is 24 leva. On 31 December 1991, this debt amounted to 562,933,000 leva!

How is State Railway to find a solution? By reducing its payroll. The reader may have noticed that the railwaymen's huts along the tracks are becoming increasingly deserted. In the period from 1991 to 31 March 1992, the company laid off 7,253 railroad staff. According to the memorandum prepared by Vekil Vanov, labor and social welfare minister, and Ivan Kostov, finance minister, the average monthly wage in November 1991 was 1,690 leva, as compared with 2,834 leva in the electric and thermal power production sector.

In 1991, Bulgarian State Railway stopped receiving any subsidies from the state and is now engulfed in domestic debts. The company owes 766 million leva to creditor banks alone, to which it pays the highest possible interest rate (68 percent). It owes 135 million leva to the National Electric Company. Yet the final absurdity is the fact that Bulgarian State Railway pays turnover tax on an activity that is completely loss-incurring. It has accumulated a turnover tax liability of 55 million leva on losses of 480 million leva!

According to Iliya Dandolov, economic director of Bulgarian State Railway, the state of affairs may lead to a strike. "Everyone goes on strike these days. The position of the railway workers is no better than that of the miners in Madan, but we are gritting our teeth to the bitter end because we are aware of our place in the country's economy." This year's draft budget allocates to State Railway 701 million leva, which will only cover improvements to the infrastructure.

Oil Companies Want More Government Cooperation

*AU0604130992 Sofia DUMA in Bulgarian
30 Mar 92 pp 1-2*

[Article by Katya T. Yaneva: "Victims Say State Is Kicking Bulgarians Out of the Oil Business"]

[Text] A high-ranking official of the Ministry of Industry and Trade stated that the ministry believes that oil storage depots should be totally state-owned. Whatever is left over at the end will be for Bulgarian companies, a manager at the Petroleum Company said when speaking about the sale of gasoline stations. It became clear at a meeting to establish the Union of Private Companies in the Oil Business that these were the replies given to

Dimitur Savov, owner of the Elpida Company, when he spoke to the above-mentioned officials.

The belief is deliberately being created that there are no stable private companies to deal with oil and participate in the sector's privatization, Mr. Savov stated. This was what most of the participants at the constituent meeting suspected.

Many of the participants said that the worst gasoline stations were being offered to Bulgarians. Despite this, the sale of gasoline stations had stopped. If the auctions had continued, by now there would have been approximately 50 private gasoline stations. We would then have had to "launch a raid" on the oil depots and set up a strong structure to compete with the Petroleum Company's monopoly.

The Petroleum Company is establishing joint ventures with foreign companies behind the public's back, Mr. Savov stated. According to information from him, a similar association has been formed with a Greek company that has received approximately 30 gasoline stations in Sofia and Varna. It is operating them at a fee of 2.5 million leva. The Petroleum Company has a 49-percent stake not with capital but with cash funds made up of taxpayers' money.

The Bulgarian private companies' proposals for joint activities with the Petroleum Company remain unanswered. Minister Pushkarov did not reply to the invitation to hold talks on why the privatization of the oil business has stopped. However, he invited an expert from the United States to give him advice on how privatization should be carried out.

Some 60 percent of the country's oil depots lie empty, drying out, rusting, and falling into disrepair, but they are not handed over to private companies. Similarly, the Union for Citizens' Economic Initiative was not allowed to replenish 20 gasoline stations' stocks with imported gasoline, even though this was at the time of the great gasoline crisis.

The Neftokhim refineries are not working because there are no raw materials and not just because they are in need of repair. The country is hungry for fuel oil; factories are stopping work. However, private companies are not allowed to venture into the refinery business and process the oil.

Dimitur Savov has been negotiating for two months to conclude an agreement for the annual processing of a million tonnes of crude oil. Some 14 telexes and four meetings document his relations with directors Lyutskanov and Tsintsarski (now no longer a director). Their last word was that they are to receive only one shipment of 70,000 tonnes of oil and that this will be after 15 May. The price for the service—\$15 per tonne.

At the same time, Neftokhim's management is negotiating with a foreign company that wants to process its own customers' oil at Burgas and sell petroleum products in Bulgaria.

A protector's hand has specified a duty of approximately \$8 per tonne to the company. International standards and instructions state that, when a foreign company processes oil abroad, it is obliged to export its petroleum products within 10 days. To sell the petroleum products in the country that has processed its customers' oil is a waste of foreign currency, and all the profits go abroad, Mr. Savov stated.

The private companies in the oil business want the government to give them access to the storage depots and grant them processing licenses, oil concessions, a change in excise duties, and equal opportunities for participation in the privatization process.

Attempts To Obtain Petroleum Chronicled

92BA0684A Sofia 168 CHASA in Bulgarian
25 Feb 92 p 14

[Article by Grigor Lilov: "To Bulgaria, Petroleum Has Become an Eastern Issue"—first paragraph is 168 CHASA introduction]

[Text] For the past two years, the cleaning woman at the Council of Ministers may have been the only one not to be junketing around the world and returning with promises of fuel. Meanwhile, the refineries in Burgas and Pleven are operating on virtually nothing.

Two years after the first petroleum crisis in Bulgaria, the gas stations are once again about to dry up. In February, due to a lack of fuel, the Pleven Combine remained idle for 14 days, while the Burgas Refinery was barely breathing, even though it worked with customer-procured materials.

In the past 21 months, the cleaning woman at the Council of Ministers may have been the only one not to be junketing abroad and then promising petroleum. Three Cabinets and a selection of various politicians kept misleading the people, telling them that the gasoline problems had been resolved. However, they remain unresolved to this day.

From 13 million tons in the 1980's, some of which was reexported, the need now, because of production decline, is estimated at about 6-8 million tons of petroleum annually. However, even this has not helped to eliminate the scarcity.

While political and personal dividends were being accumulated, golden opportunities were lost for the country. Last December, Svetlan Ribarov, a first secretary at the CIS Embassy, said:

"For an entire year I have been advising the people of Pushkarov's ministry to visit the Tyumen petroleum and gas areas. Czechs, Poles, and Hungarians have dug in

there. They are promising everything. They are bringing in cases of vodka and food...."

However, it is only after one and a half years of ministerial activities that Ivan Pushkarov decided to go to Moscow. He did not think of making a side trip to Tyumen, something his colleagues of the formerly "fraternal" countries had done a long time ago.

About \$80 million of the \$120 million in compensation loan for the damages caused by the Persian crisis, granted by the IMF, was spent on purchases. Mr. Zervudakis, the IMF permanent representative in Bulgaria, categorically stated that the balance will not be paid "because you failed to sign the contracts." The Bulgarian statesmen, however, interpreted the lack of contracts as a lack of money.

The main reason for the cyclical petroleum crisis in our country is the undismantled state petroleum monopoly and the incompetence of officialdom to solve the problems. Dozens of suggestions made by social associations of entrepreneurs and private companies were either rejected, ignored, or torpedoed. The auctioning off of gasoline stations failed not because of criminals but because of their poor organization, unclarified property matters, and the incompetence of the department that had organized them.

However, even in the present crisis, private business proved that it is the only one holding the key to salvation. The moment the knife struck the bone, a number of companies imported gasoline, and diesel and fuel oil, thus guaranteeing a minimal supply for the country. However, the moment the danger began to diminish, state monopoly mounted the attack. Letters of protest were addressed to the ministers opposing such competition, and, in the final account, tens of thousands of tons of petroleum products stored for safekeeping and paid for in dollars were illegally requisitioned.

The embargo imposed on economic initiative is about to stop our cars from traveling once and for all and will shake up the already weak structure of the national economy.

Chronicle of a Foretold Crisis

14 May 1990. The Grand National Assembly resolves that 43 years of petroleum monopoly is enough. Its breakup promises a drastic drop in gasoline prices.

July 1990. Gasoline prices rise sharply. The first petroleum crisis breaks out.

25 July 1990. The "rescue" comes with the first petroleum deliveries from Iraq, which owed us \$1.2 billion.

2 August 1990. Iraq occupies Kuwait. Bulgaria joins the global trade embargo against the aggressor.

September 1990. Lukanov visits the USSR, where he conducts "successful" talks on petroleum.

Fall 1990. Gradually, USSR petroleum supplies decline. After hasty discussions, some 800,000 tons are released in December.

2 January 1991. "Petrol" announces a moratorium on sales. Lines for gasoline can be seen even from outer space.

3 January 1991. The "culprit" is identified at a Cabinet meeting. The group in charge of coordination and control of energy-food supplies, chaired by Chudomir Aleksandrov, is disbanded.

January 1991. Following a personal request to the Soviet prime minister, Dimitur Popov "guarantees" supplies. However, only 243,000 tons of petroleum are received for the month.

19 January 1991. For the second day, the Burgas Chemical Combine works on empty. Reports on the loading of the Asparukh, the Struma, and the Osum read like war communiques.

January 1991. Valentin Mollov suggests that the SSIG [Citizens' Alliance for Economic Initiative] take over 20 gasoline stations in the country and supply them with gasoline. The government forbids that.

January 1991. The Council of Ministers wrecks a barter deal made by the Plovdiv Municipality and Plovdiv enterprises with Kazakhstan for the supply of fuel oil.

March 1991. A statement by Aleksandur Tomov, deputy prime minister, to the effect that we need 8-10 petroleum suppliers to prevent crises.

March 1991. Aleksandur Tomov goes to Nigeria to discuss petroleum procurements. No petroleum arrives.

7 March 1991. The Cabinet decides to lease a chain of gasoline stations to a group of Greek companies beginning on 1 April. The deal does not go through.

March 1991. The road to petroleum makes a turn toward the Bosphorus. Fuel oil is hastily procured from Turkey.

March 1991. While in the United States, Aleksandur Yordanov accidentally comes across His Highness Muhammad AL Sa'ud, a member of the Saudi Arabian royal family, who promises us rivers of petroleum. The "rivers" turn out to be dry. However, "the most important thing was to make a good impression on the prince," Aleksandur Yordanov says, in summing up the results.

May 1991. The sale of 10 gasoline stations is announced. By the end of the month, another 10 are added, and auctions for the sale of 15 gasoline stations along the seacoast are planned.

18 June 1991. The first auction for three of the gasoline stations to be sold takes place with Ministers Kostov and Pushkarov attending. From 800,000 leva in Pazardzhik and 1.8 million leva in Nadezhda, the price jumps to more than 30 million leva. Georgi Khristov is embraced

by Pushkarov, flattered, and called a "Japanese samurai." One year later, in an interview, the minister describes him as the "Etropole swindler."

September 1991. Pushkarov holds talks in Athens for the procurement of gasoline from Greek companies. No gasoline.

October 1991. Dimitur Popov reaches an agreement with the Libyans, through Ali Galay, charge d'affaires of the Libyan Embassy in Bulgaria, for petroleum procurements. No petroleum arrives.

24 October 1991. A licensing agreement is signed with three international companies to prospect for petroleum on the Black Sea shelf.

21-23 October 1991. The president himself joins the petroleum campaign. At a meeting with Boris Yeltsin in Moscow, a delivery of 1 million tons of petroleum before the end of the year is agreed upon.

19 November 1991. Bulgartabak reaches an agreement to import petroleum from Union republics in exchange for cigarettes and tobacco. The deal does not go through.

November 1991. A contract is signed between the Pleven Combine and Elf Aquitaine, a French company, the fifth-largest in the world in trade in petroleum derivatives. The project calls for building a special terminal in Varna, where petroleum will be delivered, and so forth. The contract is blocked.

November 1991. Eight licensing agreements are signed for petroleum prospecting on the Black Sea shelf.

2 January 1992. Returning from Frankfurt, Stoyan Ganev announces the "Iranian connection": He has secured the import of 500,000 tons of petroleum against Bulgarian exports.

10 January 1992. The second petroleum crisis is now a fact. Once again reports on the tankers read like news from the frontline.

13 January 1992. An approval in principle of the protocol on trade with Russia for 2 million tons of petroleum, 1 million tons of fuel oil, and 100,000 tons of diesel fuel is approved by the Council of Ministers. The lists call for 5 million tons, whereas the Bulgarian request is for 7 million.

15 January 1992. In a letter to Ministers Kostov and Pushkarov, the Neftokhim Company objects to the fact that four private companies imported 15,000 tons of gasoline and 93,000 tons of diesel fuel, thus undermining its prices.

January 1992. Neftokhim sells petroleum derivatives that state and private companies had bought abroad and paid for in hard currency to companies it had selected. A commercial genocide is taking place under the benevolent eyes of the ministers.

30 January 1992. The Cabinet discusses the Iranian accomplishments of Stoyan Ganey. Minister Kostov is opposed, while Todor Vulchev, president of the BNB [Bulgarian National Bank], emphasizes that there is no one to provide the demanded guarantee of \$50 million.

31 January 1992. The new joke making the rounds of Sofia is as follows: "With what gasoline are you driving, Yordanov '91 or Ganey '92?"

February 1992. The crisis has been surmounted through procurements by private companies. Bulgaria imports 5,000 tons of gasoline from Greece; Planeta 999 imports a tankerload of diesel fuel from Russia; other companies import 70,000 tons of gasoline, 90,000 tons of diesel oil, and 130,000 tons of fuel oil.

February 1992. The Plama Company (the Pleven Petroleum Refinery) stops work for lack of petroleum from Burgas.

15 February 1992. After 15 months of ministering and 15 months of a petroleum crisis, Ivan Pushkarov goes to Russia and signs a protocol for trade and economic relations. According to Moscow sources, a delivery of 3 million tons of petroleum has been promised; according to the statements made by the minister at Sofia Airport on his return, the figure is 5 million tons.

24 February 1992. The Burgas and Pleven petroleum refineries are once again working at minimum capacity for lack of petroleum.

Defense Industry Trade Unions Stage Protest

AU0704152992 Sofia DUMA in Bulgarian 2 Apr 92 p 2

[Report by Vasil Popov]

[Text] The main claims presented by the Defense Industry Trade Union Alliance [*Suyuz na sindikatite ot obranitelnata promishlenost*] are for credit concessions and for the state to take over debts owed to the military-industrial complex that are difficult to collect. On 1 April, representatives of the alliance organized a protest demonstration in front of parliament and presented an appeal to members of the National Assembly.

It is reported from Sopot that the trade unions are continuing their blockade of the Metalchim Holding Company. A source close to the Cabinet claims that this pressure is pointless because the company's management itself raised the same issues with parliament and the government at the beginning of last year and has not ceased to campaign for a solution since that time.

Specialists from the holding company consider that the only result of the blockade is to make it impossible for a Metalchim representative to leave for Madrid to receive the gold medal for quality awarded to the company in 1991 by the International Organization of Manufacturers and Traders.

Podkrepa TU Accused of Deals With 'Big Finance'

AU0704170692 Sofia OTECHESTVEN VESTNIK in Bulgarian 2 Apr 92 p 2

[Article by Sonya Kotuklieva: "No Link Between Big Finance and Trade Unions Should Be Allowed"]

[Text] At yesterday's briefing in parliament with Aleksandur Yordanov, chairman of the Union of Democratic Forces [SDS] Parliamentary Group, the questions naturally focused on the miners' strike, on support for the government, and on relations with the Podkrepa Labor Confederation and its leader, Konstantin Trenchev.

The SDS deputies who participated in the briefing were selected from the areas where the strike is in progress, or where readiness to strike has been announced. They were categorical in insisting that the statements of the Miners Federation leaders, especially those of Chairman Dimitur Dimov, are untrue. The miners were never told that the government has accepted all of the demands of the trade union. The Council of Ministers' task is to defend the common interests of all social groups in the country, and it cannot give in to the demands of each individual group, the parliament members said.

Could it have been expected that the SDS Parliamentary Group may have refused the confidence vote for the government last Tuesday [31 March]? No, Aleksandur Yordanov is positive that such a thing could not have happened, for several reasons: Ivan Kostov and Filip Dimitrov, after thoroughly analyzing the situation, convincingly proved that, according to some strange circumstances, the timing of the strike coincided with several praiseworthy actions and successful achievements of the Cabinet. It is a fact that the government's program did not encounter any objections in parliament, that the state budget was adopted at first reading with a majority vote (the opposition having abstained from voting), and that the government has gained the confidence of the International Monetary Fund and the World Bank.

We will not permit a link to be established between big finance and the trade unions, who are trying to build up their economic base by seizing the levers of privatization, Aleksandur Yordanov stated. There is no doubt that political activities are impossible without money, but people in Bulgaria should be especially careful in restraining their financial ambitions. "You can see the modest situation of the SDS and all of its member parties and organizations today, and compare it to the broad financial expansion of the Podkrepa Labor Confederation. The confederation seems to own large financial assets. I hope that its moral assets may be as powerful. Let there be no misunderstanding about the fact that Podkrepa's existence became possible only thanks to the establishment of the SDS. The confederation's leadership demands the resignations of Pushkarov and Kostov because it entertains special ambitions related to the sphere of power, particularly regarding the operational

centers of the country's economic and financial mechanisms," Yordanov pointed out. Aleksandur Yordanov stressed that one should differentiate between the leaders and the rank-and-file members of the Podkrepa Labor Confederation. One can suspect that part of the Podkrepa leadership is pursuing specific financial interests in the privatization process.

Regarding Asen Michkovski's recent claims that he should be appointed head of the Privatization Agency, the leader of the SDS Parliamentary Group declared that he would insist on preventing deputies, who have advertised their close relations with Trenchev's trade unions, from assuming posts in the organs of executive power.

"As a matter of fact, it was the SDS rather than the Podkrepa Labor Confederation that won the elections," Yordanov added.

Podkrepa is constantly accusing Pushkarov of failing to eliminate the economic *nomenklatura*. Actually, he has dismissed 1,500 managers since he assumed his ministerial post. According to Aleksandur Yordanov, the evaluations of trade unions or SDS coordinating councils on the qualities of economic managers are not a decisive criterion. What counts is the manner in which the manager copes with the tasks of increasing production and expanding the market.

There will be no nationwide strike, and, even if it should be provoked, it is likely to be a failure, Aleksandur Yordanov pointed out.

Dlouhy Outlines Foreign Aid Distribution

AU0704104392 Prague HOSPODARSKE NOVINY
in Czech 3 Apr 92 pp 1, 2

[Report signed "(jop, kk)": "On Coordinating Foreign Aid"]

[Text] The statute of the Council for Foreign Aid, established by the Federal Government last December, was approved at its session in Prague yesterday.

This coordinating, initiative, and consultative CSFR Government office—which has responsibility for dealing with foreign grants—is composed of representatives from the Federal Economy, Foreign, and Finance Ministries and from the Czech and Slovak governments. The council's chairman is Federal Economy Minister Vladimir Dlouhy. He outlined its functions at a news conference: suggesting principles, mechanisms, and strategies to the government for accepting and utilizing foreign aid and coordinating and defining claims against foreign entities in accordance with Czechoslovak priorities. The council may also suggest that drawing on funds be suspended if it is ascertained that they are being ineffectively utilized. According to Dlouhy, arrangements have been made ensuring that none of the three entities (the federation and the republics) is given preferential treatment. The government made note of a report on the utilization of PHARE [Economic Reconstruction Aid for Poland and Hungary] funds in 1990-91. Ninety-nine billion ECU's [European Currency Units] were allocated to Czechoslovakia (196.5 billion were allocated to Poland and 75 billion to Hungary) from the PHARE program in 1991. Thirty-four billion ECU's were allocated to the CSFR in 1990; 30 billion were intended for the environment and four billion for the Tempus (university projects) program. Of the 99 billion ECU's allocated in 1991, 19 billion were earmarked for restructuring and privatization; 20 billion for the development of small and medium-size businesses; 15 billion for restructuring the labor market; 5.0 billion for the environment; 5.0 billion for energy; 6.0 billion for telecommunications; 9.0 billion for the Tempus program; and 20 billion for general technical assistance.

In reply to a question from HOSPODARSKE NOVINY on where the funds encounter specific projects, Dlouhy said that the federation merely plays the role of supreme coordinator. The distribution of resources is administered once a year, and then coordinators are assigned to prepare projects and to draw efficiently on funds. For example, the Slovak Economy Ministry is the coordinator in the armament conversion sphere, the Federal Economy Ministry is the coordinator in restructuring the metallurgy industry, and so on. In reply to a question from HOSPODARSKE NOVINY on how resources are distributed in the most criticized sector—support for small and medium-sized enterprises—Dlouhy said that the coordinator here is the Federal Ministry of Labor and Social Affairs. An account has been opened and the Societe Generale Bank and the Komerční Banka [Commercial Bank] have been entrusted

with managing it. A total of 1.4 billion ECU's have been earmarked here for formulating a policy and developing programs; 5.5 billion have been earmarked for an information, training, and consultative system; 4.5 billion for a credit and guaranty system (credits with a lower interest rate); 7.5 billion for a credit guaranty fund (guarantees for credits); and roughly 1.0 billion ECU's will be allocated to the controlling organization for other technical noninvestment assistance. According to Dlouhy, none of the so-called soft-term credits have yet been distributed. The entire program is oriented toward creating job opportunities.

Ivan Prusa, head of the CSFR Government Office, pointed out that the final deadline for the political parties, movements, and coalitions to disclose which members and substitutes they are sending to the Central Electoral Commission is 6 April 1992. The first session of the Central Electoral Commission for elections to the Federal Assembly will take place at 1500 hours on 7 April 1992 in the Liechtenstein Palace in Prague 1.

The government also discussed a proposal to change the composition of the Federal Environment Committee's plenum, an amendment to its statute, and a draft law on a Federal Environment Fund. Josef Vavrousek, minister-chairman of the Federal Environment Committee, made a statement on the Gabčíkovo-Nagymaros issue. As he said, the CSFR and Hungarian Governments agree to the establishment of a trilateral commission in which experts from Czechoslovakia, Hungary, and the European Community would be represented. As Vavrousek further stated, a protocol follows up on the treaty between the CSFR and Russia. According to this protocol, the CSFR—within the framework of assistance—undertakes to utilize part of the resources acquired from the sale of Soviet property to purchase building materials and other essentials for the construction of housing for Soviet troops withdrawn from Central European countries.

Czechs Claim National Government Inequality

AU0704100592 Prague HOSPODARSKE NOVINY
in Czech 2 Apr 92 p 2

[Report signed "st": "Czech Government Disagrees With the Division of Czechoslovak Television Assets"]

[Excerpt] Yesterday the Czech government did not approve two bills on land self-administration tabled by Czech National Council deputies. It insists on its own bill, which was drafted after long discussions.

During a break in the government session Prime Minister Petr Pithart told reporters that the deputies' submissions contain considerable legal errors, which cannot be dealt with by changes. At times they even contradict the Constitution. Nevertheless, the Czech National Council Presidium rejected the request to shorten the discussion on the government bill (we carried a detailed

report about it on 12 March) and if the plenum in mid-April does not decide otherwise, it will not get on the agenda during this election period.

Petr Pithart also confirmed that the Czech government disagrees on principle with the Federal Government decision on the division and transfer of property between the Czechoslovak Television, the Czech Television, and the Slovak Television, and is sorry about the Federal Government's stand. The CSFR Government decided last Thursday that 100 percent of the Czechoslovak Television's property in Slovakia will be transferred to Slovak Republic ownership and the Slovak Television will have the right of use, while the transfer of property between the Czechoslovak Television and the Czech Television is to take place in two stages. In the first one, the Czech Television will receive property it needs to fulfill its tasks, and only in the second stage can the Kavci Hory facility of the Czechoslovak Television be reallocated.

The Czech government believes that unequal conditions for the operation of the national televisions arise from this decision. "Instead of eliminating one by one the imbalances between the Czech Republic and the Slovak Republic, we are adding to them," the Czech prime minister said. He added that the Czech Republic government will insist that the Federal prime minister explain why the Czech government point of view was not considered.

The government also rejected the deputies' draft of a Czech National Council law on measures concerning the protection of public interests. It expressed its agreement, however, to a control of the business involvement of the government members and officials. Commenting on the deputies' proposal that assumes the foundation of a Czech National Council Presidium commission for assessing the business involvement of the government members on the basis of their income tax returns and other documents, the prime minister said that this is an American solution corresponding to American conditions and tradition. The Czech government would prefer the bill that is currently being drafted by the Federal Government. [passage omitted]

FIS Director on Right To Release Information

*AU0604134992 Bratislava NARODNA OBRODA
in Slovak 31 Mar 92 p 2*

[CSTK report: "Dozens of Lost Files"]

[Text] According to the archive laws adopted by the Czech and Slovak National Councils, numerous documents of the now defunct State Security [StB] belong to the Federal Security Information Service (FIS).

The Federal Ministry of the Interior (FMV) has some of these materials in only temporary possession—while the so-called screening law is in effect. The documents will subsequently be transferred to the FIS archives. A limited number of FIS staff, approximately 20 people, have the right to read the files and provide information

regarding their content to constitutional and republic bodies. This was stated yesterday by FIS Director Stefan Bacinsky. The director also said that the FIS was the first to report to Slovak National Council Chairman F. Miklosko that the Slovak Republic Interior Ministry committed unauthorized interference in the documents that belonged to the Trencin federal office and in the former archive of the StB 12th Administration in Bratislava. It was only later that the Slovak National Council Defense and Security Committee requested an annotated report on the data filed in the FMV Z-file. According to Director Bacinsky, both the FIS and the FMV acted within the law.

The Z-file virtually lost all of its significance when the parliamentary investigative commission collected file registers from throughout Czechoslovakia and built a computer data base, because everything the file contains is in the databases—with the sole exception of the pages torn out of the Bratislava register. The FIS director cannot remember the date on which the FIS reported the data it obtained to the Defense and Security Committee. In addition, he said that the FIS did not exist at the time Slovak National Council Chairman F. Miklosko asked the then Federal Information Service deputy director and now FIS deputy director, Vladimir Palko, to check file 20275, or the alleged file of Ivan Carnogursky. For this reason, the FIS director cannot comment on whether F. Miklosko was shown the file or whether it was lost. "I know that my deputy supplied information regarding Ivan Carnogursky to the Slovak National Council, but as the Federal Information Service was in the jurisdiction of the FMV, the federal interior minister was in charge."

According to S. Bacinsky, dozens of files are missing in Bratislava alone. The FIS was legally constituted in July 1991. According to information available to the FIS, some files designated for shredding still exist, although their destruction was actually marked in the register. "We must realize how large the number of people is who after the revolution had access to the StB documents—civic commissions, screening commissions, StB members. They all had an opportunity to make copies or steal the files, instead of shredding them. We will see what kind of scandals will transpire before the elections and what files will emerge." Stefan Bacinsky is convinced that the documents currently under the control of the FIS and the FMV are safe. "No one can vouch for what happened earlier," he said.

Oversight Chairman on Intelligence Service

*AU0604112492 Bratislava NARODNA OBRODA
in Slovak 28 Mar 92 pp 1-2*

[Interview with Julius Bobovnický, chairman of the Federal Assembly Committee responsible for oversight of the operations of the Federal Security and Information Service, by Branislav Janik; place and date not given: "The Intelligence Service Is the Secret Power"]

[Text] Prague—Former directors of the Federal Security and Information Service (FIS) used to grant interviews to journalists—including NARODNA OBRODA journalists—on a fairly regular basis. Current director Stefan Bacinsky refused to grant us an interview, saying that he himself would provide proper information to journalists. He also did away with the job of FIS spokesman. That is why I approached Julius Bobovnický (Christian Democratic Movement), chairman of the special Federal Assembly committee responsible for oversight of the operations of the FIS, to explain FIS activity to the readers. I must add, however, that I was startled by the fact that the FIS director had in fact granted an interview to MLADA FRONTA DNES. It seems that interviewers are being selected....

[Janik] Mr. Deputy, what kind of body do you actually chair?

[Bobovnický] It is one of parliament's many special supervisory bodies established by law and not by appointment. Parliament established this body in July 1991 with the intention of supervising the activity of the intelligence service, since it would be impossible for all 300 Federal Assembly deputies to deal with it. I must admit that some 80 percent of our work represents precisely work on a meaningful concept of oversight. In order to make our activity more clear and more specific, we want to propose an amendment to the law on the FIS. Specifically: As chairman, I should be allowed to be present at FIS dealings and know about the matters the FIS is currently working on.

[Janik] What is the supervisory activity of the body you chair? I ask this despite the fact that you have already explained it. Are you still searching for its shape?

[Bobovnický] We work mainly on the basis of people's initiative. Information from the media can also stimulate our activity. Beside this, upon request, the FIS director will present us reports on the results of the FIS's operations and on how intelligence-gathering equipment in areas in which the FIS has stopped operating is used. This way we learn everything—what they followed, what means they used, and what the results were.... On request, we can obtain short reports on current operations in order to learn what and how many cases the FIS is working on on their own initiative and how many were requested by constitutional bodies, how many of them are related to drugs, international terrorism, etc.... We do not know what they are cooking at the FIS right now.

[Janik] Could you give us a specific example—a case that has been concluded by the FIS?

[Bobovnický] There are many, and I cannot tell you about them. I am bound by an oath of silence. We report only to the Federal Assembly Presidium. Our reports are read behind closed doors.

[Janik] In your opinion, to what extent should the work of the intelligence service be classified?

[Bobovnický] The FIS director should outline the main points to the public. In other cases, whoever designates specific material as classified must declassify it—this is not in our power. In my opinion, at least two-thirds of the cases could be declassified and the public could be told about them.

[Janik] I suppose you have become familiar with the activity of the intelligence services abroad. How does the Czechoslovak intelligence service compare with them?

[Bobovnický] I must say that for a long time we were not satisfied with the work of the FIS. We took part in the evaluation of the work of the former administration, we talked with some 30 people, and we undertook some investigations. The ice moved, people were replaced.

[Janik] Is that reason to be satisfied?

[Bobovnický] I am not saying that we, as a supervisory body, are now satisfied with everything. There are potential problems in the fact that when an intelligence service is being built it must at the same time also yield concrete results. FIS activity is qualitatively different, it does not have the same investigative rights as the former State Security. Most intelligence operations are undertaken on the FIS' own initiative. Also, we do not like the fact that the FIS prefers some tasks, those given to it by law, while others fall outside its focus (for example, information for the protection of the economic interests of the state).

[Janik] Even under the former administration, the FIS waged a long struggle to be separated from the Federal Interior Ministry, and finally it has become independent. Is this a positive fact?

[Bobovnický] Of course. However we would be happier if we could cut the umbilical cord completely. The FIS is not able to operate independently. Some bodies of the Federal Interior Ministry know everything about FIS operations, which is not right, either.

Slovak Parliament Approves Contribution to Parties

*AU0604112092 Bratislava NARODNA OBRODA
in Slovak 27 Mar 92 pp 1-2*

[Report by D. Bombikova: "Parliamentary Interpellations"]

[Excerpts] The 23d Slovak National Council meeting began yesterday by voting on the government bill on the registration of churches and church organizations, which the deputies passed.

Under this law, the Slovak Ministry of Culture may register a church or church organization provided it has at least 10,000 adult supporters permanently residing in the Slovak Republic. At present, there are 14 churches and church organizations registered in Slovakia.

Interpellations of ministers and members of government by deputies were on the program of the afternoon debate in parliament. [passage omitted]

Deputies passed a bill on the State Health Fund, which should provide financing for selected health programs and assistance to compensate for regional imbalances.

The amendment to Law No. 83/1991 on the work of Slovak Republic bodies in ensuring employment policy was next on the agenda. Helena Wolekova, Slovak minister of labor and social affairs, explained the bill and stressed that the changes contained in the bill regarding the concept of socially purposeful jobs and publicly beneficial work are a direct reaction to stimuli from labor offices. The bill also specifies how the system of retraining builds on the program of employment and directly specifies the possibilities of recovering the costs of the retraining of job seekers. The last item on yesterday's agenda was the bill on financial contributions to political parties and movements out of the Slovak Republic state budget. Approved contributions totalling 6.6 million korunas will be provided to political parties and movements. Of this, the Civic Democratic Union-Public Against Violence will receive approximately 2 million korunas, the Christian Democratic Movement [KDH] 1.35 million korunas, the Democratic party 309,000 korunas, the Green Party 245,000 korunas, the Slovak National Party [SNS] 981,000 korunas, the Party of the Democratic Left [SDL] 939,000 korunas, the Alliance of the Farmers and Countryside 177,000 korunas, and Coexistence-Egyutteles 609,000 korunas. These contributions include the parties and movements that have split off in the course of their development. The deputies passed the bill.

[Prague LIDOVE NOVINY in Czech on 27 March on page 15 carries a 100-word report entitled "Money for the Parties," stating that "Public Against Violence will receive the highest contribution of 2,065,000 korunas. This contribution includes contributions to the For a Democratic Slovakia Movement and the Civic Democratic Union-Public Against Violence."]

Resolution on Czech-Slovak Talks Passed

AU0704110592 Prague HOSPODARSKE NOVINY
in Slovak 2 Apr 92 pp 1-2

[CSTK report: "Sovereignty on the Agenda of the Slovak National Council"]

[Excerpt] [passage omitted] After consultations in the parliamentary clubs of deputies and a subsequent meeting of the Slovak National Council Political Board, the Slovak National Council plenum yesterday passed a resolution, in which it acknowledged with comments, Slovak National Council Chairman Frantisek Miklosko's report on the process of the CSFR constitutional arrangement and on the drafting of the Slovak Republic constitution. The Slovak National Council regards the process of drafting the Slovak Republic constitution as over as far as the current electoral term is concerned, and

it also considers the talks with the Czech National Council on the CSFR constitutional arrangement over.

The Slovak National Council resolution goes on to say that the failure to adopt the Slovak Republic constitution in this electoral term has been caused chiefly by the lack of unanimity of views. The reasons for the failure to adopt the treaty and for the termination of talks with the Czech National Council lie on both sides. The Slovak National Council recommends to the next Slovak parliament to build on the results achieved in drafting the Slovak Republic constitution thus far and to continue after the elections talks with the Czech National Council on all possible forms of coexistence with the Czech Republic, using as a point of departure the right of nations to self-determination. In conclusion, the resolution of the Slovak National Council recommends to the next parliament to continue to seek a solution to the issue of the state setup by constitutional means.

Of the 127 deputies present, 91 endorsed the resolution, 26 voted against, and 10 abstained.

The plenum then approved the constitutional law of the Slovak National Council on the electoral term of the Slovak parliament and on proceedings in electoral matters. The constitutional law stipulates that the electoral term will be four years. [passage omitted]

Slovak Government Approves New Tax Laws

AU0704085392 Bratislava NARODNA OBRODA
in Slovak 1 Apr 92 p 2

[Article by S. Tomanek: "Inheritance Tax and the Other"]

[Text] Bratislava—At a news conference during the Slovak government session, Slovak Republic Finance Minister Danco provided the long-awaited information on the bills on taxes. The government adopted with some changes the bill on inheritance tax, gift tax, and tax on transfer and conveyance of real estate. The bill proposes a progressive inheritance tax from 1 to 40 percent. Only gifts to charities are tax-exempt. The draft inheritance tax is comparable to those in developed countries around Czechoslovakia.

The new tax on land and structures will replace the house and farmland ownership taxes. Taxes will constitute the main source of income for communities and towns. Individual communities may categorize real estate taxes according to the location and quality. There should be 42 different classes of soil quality in Slovakia. Buildings are to be taxed according to the actual value of the property. The question is how to set the value in absence of a market.

Beginning in 1993, commercial drivers will have to pay a road tax that will go to a republic fund. Small businessmen with cars of under 2,000 cubic centimeters engine capacity will pay 2,500 korunas annually. Those with cargo of up to three tonnes will pay as much as

15,000 korunas. Foreign truckers will really have to raid their piggy banks. They will pay \$1,000 for a single transit of a truck through the Czechoslovak territory. It is not clear yet how these fees will be divided between the republics. The possibility is being considered, Minister Danco says, that the fee would go to the place of entry in the CSFR. The whole issue is further complicated by the fact that the custom officers in Czechoslovakia have not yet become fiscal agents, i.e., they are employees of the Federal Ministry of Foreign Trade, rather than the republic Ministries of Finance.

The citizen will not be pleased to learn that because of the growing cost of state bureaucracy, administration fees will increase. A citizenship verification will cost 100 korunas, a signature from a central body will be 200 korunas, a change of surname (except for an unfortunate-sounding name) will cost 500 korunas, and some central-body actions will reach 6,000—the authorities even slapped a 100-koruna fee on Danube River boating.

Minister Danco pleased us with the news that the Slovak budget, following the multi-billion-koruna deficit in January and February, shows a surplus of 1 billion korunas in March. "It is partially a consequence of the fact that subsidized organizations were allowed to draw only 22 percent of their annual allowance in the first quarter." Without any regard to the opinion of its republic partners, the Federal Finance Ministry proposed to the government that the federal budgetary surplus be included in the state financial reserves. "Despite the fact that the surplus was created by the republics," he added.

The Slovak government approved the negative stand on the CSFR Government proposal regarding the valuation of housing units in transfers of the community property to individual persons with a note that it recommends that the prices be established similarly to the transfer of ownership of cooperative housing units. This would insure a consistent valuation of housing units at different times, and rule out a discrimination against more than 70 percent of the users.

Slovak National Council Considers Issues

AU0604134792 Bratislava NARODNA OBRODA
in Slovak 31 Mar 92 pp 1-2

[CSTK report: "Smooth Course; Sixth Day of the Slovak National Council Meeting"]

[Text] Several bills tabled by groups of deputies were on the agenda at yesterday's sixth day of the 23d meeting of the Slovak National Council. The most important of them was the draft constitutional law of the Slovak National Council on the electoral period of the Slovak National Council and on proceedings in electoral matters.

The six items on the agenda at yesterday's session also included the proposal, tabled by a group of Slovak National Council deputies, to amend Slovak National Council Law No. 581 of 1991 on the 1992 state budget. Under the amendment, which was approved, the Slovak

Republic Ministry of Finance will redistribute a part of the proceeds of the payroll tax, which represents a revenue of communities, to those Slovak communities that do not have any industry and agriculture [and therefore do not collect any payroll tax].

The deputies also voted on the draft constitutional law of the Slovak National Council on the electoral period of the Slovak National Council and on proceedings in electoral matters. The Slovak National Council did not pass this draft constitutional law. Similarly, the plenum did not approve the proposal by Deputy Rudolf Hamerlik (Christian Democratic Movement) to change and amend the law stipulating some conditions for service in the Slovak Republic Police Corps and in the Slovak Republic Prison Guard Corps. Commenting on this amendment, Slovak Minister of Interior Ladislav Pittner said that its initiator wanted to achieve "the expeditious departure of members of the now defunct State Security Corps from these corps." He added that it goes beyond the screening law and that the submitted amendment is not worthy of a law [*nie je dostojne zakona*]. The deputies then approved an amendment to the Slovak National Council law on insurance companies, which waives the restriction, provided for in the currently valid law, under which foreign insurance companies are barred from operating on the territory of the Slovak Republic until 1 March 1993. The amendment brings the Slovak National Council law into harmony with the Czech National Council law, which permits entry by foreign insurance companies as of 28 May 1992.

The Slovak National Council plenum also adopted a resolution on the so-called transformation law, which states that the appropriate material, technical, and organizational conditions for the process of the transformation of cooperatives have not been established at the relevant levels of state administration. Moreover, the definite method of privatizing state enterprises in agriculture, such as state farms, agricultural equipment lending and repair shops, and joint agricultural enterprises, has not been determined, which jeopardizes their inclusion in the second privatization wave. The Slovak National Council charges the government with ensuring the creation of conditions that would allow "eligible persons" to assert their claims by the set deadlines.

[Bratislava SLOVENSKY DENNIK in Slovak on 31 March on pages 1 and 2 carries a 500-word report by Marta Ruzickova on the Slovak National Council meeting. The report specifies that the draft constitutional law of the Slovak National Council on the electoral period of the Slovak National Council provided for a cut in the electoral period from five to four years and that, as a result of the amendment's rejection, the next Slovak parliament will be elected for a five-year term.]

Jezek Explains Second Wave of Privatization

AU0704112392 Prague HOSPODARSKE NOVINY
in Czech 3 Apr 92, p 3

[Report by Marcela Doleckova: "The Second Wave Will Be Calmer"]

[Text] "The work on the approval of privatization projects was supposed to end on 12 March—we had a celebratory toast in Lnare too early," Czech Minister of Privatization Tomas Jezek said in the opening of a meeting in the Golem Club on Tuesday.

According to Jezek, the "nonfulfillment" of the plan (12 billion instead of 50 billion) by the federation and the development in Slovakia were the reason why this work "kept running." Slovakia insisted that the amount of property offered in the first wave of coupon privatization in both republics should be exactly proportional to the number of registered holders of investment coupons. This is why the Czech Republic had to complete its offer by 170 billion korunas and more coupon-privatization projects will be approved this week (up to 185 billion korunas) to allow a reserve in case courts will not approve some shareholding companies. This stage will end on 12 April, the projects will be updated according to the situation on 31 December 1991, then they will be transformed into shareholding companies, and finally, they will be registered at the court.

"After experience with the first wave, the rules for the second wave have been better considered," Tomas Jezek said. In April, updated lists of enterprises designed for the second wave of privatization will be published. After the date of their publication, a two-month deadline will be offered to present rival projects. Then, the ministerial sector will have two months to pass judgment on them, and in the next two or three months the process of approval will take place. This means, that the second wave could begin in December.

Even today, privatization commissions are being reduced, their status is being changed, and the number of ministry officials dealing with small privatization is also being gradually reduced. It is being considered that the yield coming from the small and large privatization could be used to strengthen the budgets of communities and to provide fundamental capital for certain endowments.

What were the entrepreneurs interested in? They were worried, above all, about the situation in Slovakia after the elections. They received the explanation that the Czech government had prepared the necessary defense mechanisms. The "family silver" was also discussed. Tomas Jezek said that it is a marginal problem. Questions were asked regarding a possible change in the statutes of new companies, since the way the majority of the companies formulate their statuses is naive and does not rule out the possibility of manipulation. The reply of the minister regarding this subject was fairly unclear, as was the explanation of the mechanism of the sale of shares over the bank counter of those companies whose shares will be driven by the demand during coupon privatization above the maximum of 1,000 points.

Small, Medium Business Support Programs Explained

92CH0367D Prague HOSPODARSKE NOVINY in Czech 11 Feb 92 pp 11-12

[Unattributed article with introduction by Karel Dyba, Czech minister for economic policy and development: "Support Programs for Small and Medium-Size Businesses in the CR"]

[Text] As far as numbers are concerned, small and medium-size businesses make up the largest group in the structure of the business sector in developed market economies. Their dynamic development, their ability to respond operationally to market stimuli, and their hunger for innovation are what should also invigorate our ossified economy and strengthen the competitive environment in it. That is why the government of the Czech Republic has been devoting much attention to the development of small and medium-size businesses since 1991. One of the specific steps taken in this area by the Ministry of Economic Policy and Development of the Czech Republic is the founding of the Ceskomoravska zarucni a rozvojova banka, a.s. [Czech and Moravian Guaranty and Development Bank, Inc.], which will provide services to businessmen with small and medium-size enterprises.

In 1992, based on instructions from the Ministry of Economic Policy and Development of the Czech Republic, this bank will guarantee the implementation of four support programs focused on small and medium-size businesses with special emphasis on the development of the border regions and some other regions. Within the framework of these programs, businessmen will be able to apply for bank guarantees, financial subsidies to refund a part of the interest on credits, or financial aid to defray credit payments during the first year of their business operations; all this will be done under advantageous conditions.

The initiation of the Czech and Moravian Guaranty and Development Bank's activities in relation to the programs that it will implement should make it possible to realize a number of advanced business objectives. Within the framework of the budgetary resources allocated for the support of businesses, it will undoubtedly be possible to support a number of good ideas and objectives; however, it will still be necessary to be selective. As a result, not everyone will necessarily receive support for his business objectives, but those who demonstrate the ability to implement their ideas under market conditions will certainly receive it.

[signed] Eng. Karel Dyba, Minister of Economic Policy and Development of the Czech Republic

PART A

General Conditions of the Small and Medium-Size Business Support Programs

Main Features of the Programs

The purpose of the programs is to contribute to the creation and development of small and medium-size enterprises in compliance with the economic policy of the state, by providing advantageous conditions for access to capital.

In order to facilitate the process, the programs provide various kinds of support, the use of which is tied to the fulfillment of the set conditions and criteria of the individual programs.

The Designation of Support

The programs are designated for small and medium-size businesses with their headquarters in the territory of the Czech Republic. The upper limit of the size of the business for the purpose of providing support is stipulated within the framework of the conditions and criteria of the individual programs.

Support will be provided for the implementation of a specific, clearly defined business objective submitted by the applicant. The definition of the substantive nature of the supported business objectives is an integral part of the specific conditions of the individual programs. The nature of the project will be judged according to the provisions and its inclusion according to valid classifications. Only projects that will be implemented in the territory of the CR can receive support.

Selection of Projects

Programs will be offered to support the implementation of business objectives starting in 1992. The validity of the programs is not limited in time and their termination or any changes in conditions will be announced in good time.

Proposals for business objectives will be judged from the aspect of how realistic the business objective and the potential benefits of the project are in relation to the set criteria of the individual programs.

The basic criterion for providing support is the ultimate profitability of the business objective. All legal property relations connected with the implementation of the project must also first be clearly defined.

The marketing aspect of the project must be based on realistic expectations and the evaluation of this will, if necessary, be decided using independent expert opinions provided at the cost of the applicant for support; However, the Czech and Moravian Guaranty and Development Bank, Inc., will choose the experts.

The fulfillment of the conditions and criteria of the program does not automatically entitle the applicant to

receive support; entitlement also depends on the number and quality of other projects and the financial resources of the program.

The Czech and Moravian Guaranty and Development Bank, Inc., reserves the right to request additional information in connection with the business objective either directly or through authorized offices.

Provision of Support

The small and medium-size business support programs create advantageous conditions for obtaining credit from financial institutions in order to implement selected projects through the provision of guarantees for credits, financial subsidies to refund interest on credit, and repayable financial aid. The extent and possibility of using these kinds of support will be an integral part of the specific conditions of the individual programs.

The total guarantee given may not exceed 70 percent of the value of the credit provided for the implementation of the project; this also applies if the applicant receives support from a combination of several programs.

Subsidies for the refund of interest may only be obtained in relation to credits provided by financial institutions after 1 January 1992.

Repayable financial aid will be provided exclusively for defraying payments on credits provided by financial institutions for the implementation of selected projects and only up to a maximum of one year.

If the application is approved, support will be provided on a contractual basis. The contract will include the kind and extent of the support dependent on the benefits issuing from the realization of the project. Sanctions for noncompliance with the conditions and criteria of the program will also be an integral part of the contract.

The applicant will pay a fee according to the Czech and Moravian Guaranty and Development Bank's rate schedule for all services provided by the Czech and Moravian Guaranty and Development Bank, Inc., in connection with the provision of support; the rate schedule is available together with a description of the programs and the application forms.

PART B

Conditions of the Business Support Programs

Support Program for Individuals Starting a Small Business (START)

Submissions Agency: The Ministry for Economic Policy and Development of the Czech Republic, Vrsoviccka 65, 101 60 Praha 10—Vrsovice.

1. Purpose of the Program

The purpose of the program is to create advantageous conditions for the creation and initial development period of small businesses, to enable individuals who are

just starting a small business to implement promising business objectives, and to accelerate the creation of stable, profitable small businesses that will be capable of further independent and successful development.

2. Conditions for Admission to the Program

a) For Whom the Program Is Intended

The program is exclusively intended for small businesses that are just starting up, that are weak as far as capital is concerned, and that do not have the necessary basic equipment. Any business entity that has its headquarters in the territory of the CR [Czech Republic] may apply for inclusion in this program:

—As long as it has not been transacting business for more than one year.

—If it has no more than 10 employees (up to 25 employees in the case of businesses of an industrial nature) at the time the implementation of the project is initiated (apart from the owner and his partners).

b) Criteria of the Program

The business objective must have the nature of industrial, construction, or crafts production, industrial services, or freelance practices operating in the economy, it must contribute to the development and improvement in quality of a stable business network, or must ensure the development of selected paid services for the citizens including services in the tourist trade.

The basic criterion is the profitability of the business objective after it has been implemented, based on a realistic evaluation of the development of the anticipated market.

Additional criteria are supplementary:

—The creation of new jobs, especially for handicapped workers.

—Ecological benefits issuing from the implementation of the objective.

c) Other conditions

The support provided to a single applicant for business objectives may not exceed a total cost of 5 million Czech korunas (Kcs). If the business is industrial in nature, an exception can be made up to Kcs10 million.

3. Advantages Provided Within the Framework of the Program

Support for the implementation of selected business objectives will be provided using the following tools:

a) Guarantees for Credit Provided by Financial Institutions

Depending on the quality of the project, the program will secure guarantees up to 70 percent of the credit provided by a financial institution to business entities for the

implementation of selected objectives. The guarantee will be provided for a maximum of four years.

b) A Subsidy To Refund Interest on Credit Provided by Financial Institutions

In order to implement selected objectives, depending on the quality of the project, the program will secure a financial subsidy for business entities up to an amount of 7-percent interest on credit provided for the implementation of the project. The subsidy will be provided for the period during which the credit is being repaid but for no more than four years.

c) Repayable Financial Aid

The program will secure financial resources to defray payments on credit provided by a financial institution to business entities for the purpose of supporting the implementation of selected objectives in the form of repayable financial aid with a due date of up to three years. The aid will only be provided during the first year of credit payments.

4. Participation in Other Programs

Participation in this program does not preclude the possibility to participate in the support program for businesses in selected regions (REGION) or in the program for full utilization of the results of science and technology (PATENT).

Support Program for the Development of Small and Medium-Size Businesses (ROZVOJ [Development])

Submissions Agency: The Ministry for Economic Policy and Development of the Czech Republic, Vršovická 65, 101 60 Praha 10—Vršovice.

1. Purpose of the Program

The purpose of the program is to facilitate and accelerate the realization of projects contributing to the desired qualitative changes in the Czech economy commensurate with the interests of the state's economic policies by providing advantageous conditions.

2. Conditions for Admission to the Program

a) For Whom the Program Is Intended

The program is intended for small and medium-size businesses. Any business entity that has its headquarters in the territory of the CR and has less than 500 employees may apply for admission to this program.

b) Criteria of the Program

The submitted projects must have the nature of industrial or construction production and must comply with at least one of the following criteria:

—The enhancement of the export performance of the economy (positive foreign currency balance).

- The introduction and use of advanced techniques or technology.
- The production of top-of-the-line products or of products with a high degree of cost-effective utilization of inputs.
- The efficient utilization of domestic raw material resources.
- The processing of wastes that provides positive economic results. Additional criteria are supplementary:
- The creation of new job opportunities.
- Ecological benefits issuing from the implementation of the objective.

A necessary condition for the provision of support is the profitability of the business objective after it has been implemented, based on a sound marketing analysis.

3. Advantages Provided Within the Framework of the Program

Support for selected projects will be provided using the following tools:

- a) A guarantee for credit provided by a financial institution.

Depending on the quality of the project, the program may secure guarantees up to 70 percent of the credit provided by a financial institution to business entities for the implementation of selected projects. The guarantee will be provided for a maximum of four years.

- b) A subsidy to refund interest on credit provided by financial institutions.

Depending on the quality of the project, the program may provide a financial subsidy up to an amount of 7-percent interest on credit provided by financial institutions to business entities for the implementation of selected objectives. The subsidy will be provided for the period during which the credit is being repaid but for no more than four years. The total amount of the subsidy may not exceed Kcs10 million.

4. Participation in Other Programs

Participation in this program does not preclude the possibility to participate in the support program for businesses in selected regions (REGION) or in the support program for full utilization of the results of science and technology (PATENT).

Support Program for Full Utilization of the Results of Science and Technology in Small and Medium-Size Businesses (PATENT)

Submissions Agency: The Ministry for Economic Policy and Development of the Czech Republic, Vrsovicke 65, 101 60 Praha 10—Vrsovice.

1. Purpose of the Program

The purpose of the program is to facilitate the full utilization of the results of research and development by small and medium-size businesses and to contribute to improving the technological level in this area of enterprise by providing advantageous conditions.

2. Conditions for Admission to the Program

a) For Whom the Program Is Intended

Small and medium-size businesses as well as businessmen who are starting small enterprises and who wish to implement their business objective using the most recent results of science and technology may apply for support.

Five hundred employees are considered to be the upper limit for the size of the business.

b) Criteria of the Program

The submitted project must have the nature of industrial, construction, or crafts production, or industrial services that make use of original Czechoslovak patents, or the results of Czechoslovak research, and/or the most advanced know-how and high quality licenses from abroad.

The basic criterion is the quality of the technological devices used, combined with the ultimate profitability of the project.

3. Advantages Provided Within the Framework of the Program

Support will be provided exclusively in relation to credit provided for the purchase of the results of research and development as follows:

- a) Guarantees for credit provided by financial institutions.

The program will ensure a guarantee up to 70 percent of the credit provided by a financial institution to business entities up to a maximum of three years.

- b) A subsidy to refund interest on credit provided by financial institutions.

The program will provide a financial subsidy up to the amount of 7-percent interest on credit to business entities for the period during which it is being repaid but for no more than three years. The total amount of the subsidy may not exceed Kcs3 million.

- c) Repayable financial aid.

The program will provide business entities with financial resources to defray payments on credit provided by financial institutions in the form of repayable financial aid up to a maximum amount of Kcs5 million. The aid will only be provided during the first year of credit payments.

4. Participation in Other Programs

Participation in this program does not preclude participation in any of the other support programs for businesses (START, ROZVOJ, or REGION).

Support Program for Businesses in Selected Regions (REGION)

Submissions Agency: The Ministry for Economic Policy and Development of the Czech Republic, Vršovická 65, 101 60 Praha 10—Vršovice.

1. Purpose of the Program

The purpose of this program is to increase the attractiveness of small and medium-size businesses in selected structurally affected and economically weak regions, especially in areas negatively affected by the consequences of former development or by extensive changes in the structure of production, and to contribute to the creation of new promising jobs, by providing advantageous conditions.

2. Conditions for Admission to the Program

a) For Whom the Program Is Intended

Small and medium-size businesses as well as businessmen who are starting small enterprises, who have their headquarters in the territory of the CR, and who would like to implement their business objective in one of the selected regions may apply for support. Two hundred employees are considered to be the upper limit for the size of the business.

b) Criteria of the Program

The key criterion is the regional aspect, i.e., the location of the project. The program will secure support for business activities in okreses or communities listed in the supplement to this program.

The business objective must have the nature of industrial or construction production, or must ensure for the citizens production, repair, or supply services, and must ensure the creation of no less than five new full-time jobs at least during the time that support is being provided.

When determining the amount of support, the extent of the financial costs of creating job opportunities, the realistic time needed to create them, and, especially, their potential stability will be taken into account.

A necessary condition is the profitability of the business objective, based on a realistic evaluation of the market and a positive determination by the competent community or okres office.

3. Advantages Provided Within the Framework of the Program

The following will be provided to support the implementation of selected business objectives:

a) Guarantees for credit provided by financial institutions.

The program may secure guarantees for business entities up to 70 percent of the credit provided. The guarantee will be provided for a maximum of four years.

b) A subsidy to refund interest on credit provided by financial institutions.

Within the framework of the program, business entities may be provided with a financial subsidy up to the amount of 7-percent interest for the period during which the credit is being repaid but for no more than four years. However, the total amount of the subsidy may not exceed Kcs10 million.

4. Participation in Other Programs

Participation in this program does not preclude the possibility to obtain additional support within the framework of the START, ROZVOJ, or PATENT programs.

Support Program for Businesses in Selected Regions (REGION) Applies to the Following Okreses and Communities (Territorial Delineation of Communities as of 30 November 1991):

Region of Central Bohemia:

x) Příbram okres

Region of Southern Bohemia:

x) Český Krumlov okres: Benesov nad Cernou, Pohorska Ves, Dolní Dvůr, Hrást, Horní Dvůr, Horice na Šumavě, Chválský, Boletice, Loučovice, Přední Vytín, Malonty, Rozmberk nad Vltavou, Malsín, Vyšší Brod, Kájov, Pídlů, Bujanov, Omlenice, Rozmítal na Šumavě, Bohdalovice, Světlík.

xx) Jindřichův Hradec okres: České Velenice, Nová Ves nad Lužnicí, Český Rudolec, Desná, Zupanovice, Hamr, Majdalena, Chlum u Třebone, Stankov, Strizovice, Klunek, Kunzák, Nová Bystřice, Címer, Písečné, Pec, Slavonice, Cizkrajov, Staré Město pod Landštejnem, Stráž nad Nežarkou, Stribec, Vydří, Lasenice, Plavsko, Dolní Žár, Suchbátka nad Lužnicí, Dvůr nad Lužnicí, Čep, Halamky, Rápsach.

xx) Prácheň okres: Buk, Světlá, Borová Lada, Šumavské Hostice, Lenora, Kubova Huť, Horní Vltavice, Stránský, Zelnava, Nová Pec, Stozec, Žbýtiny, Zdikov, Kvilda, Ktislav, Chrobol.

Region of Western Bohemia:

xx) Cheb okres: Krasná, Podhradí, As, Hazlov, Liba, Hranice, Luby, Nový Kostel, Plesná, Krásovec, Skalná.

xx) Domažlice okres: Mutenín, Bělá nad Radbuzou, Hostoun, Loučim, Kout na Šumavě, Cerníkov, Mezhoří okres Domažlice, Chodská Lhota, Brnirov,

Libkov, Usilov, Spanov, Pocinovice, Vseruby, Nova Ves, Nemanice, Postrekov, Trhanov, Dily, Chodov, Pec, Klenci pod Cerchovem, Mnichov, Vlkánov, Pobežovice, Páezov, Nový Kramolín, Hvozďany, Hora svatého Václava, Otov, Pivon, Drahotín, Rybník, Blížejev, Křenov, Měčlov, Mezhořez former okres Horšovský Týn, Mirkov, Oplotec, Semnévice, Srby, Velký Malahov, Vidice.

xx) Klatovský okres: Hartmanice, Dobrá Voda, Rejstěj, Srní, Horská Kvilda, Modrava, Kasperské Hory, Chudenín, Nyřsko, Desenice, Strážov, Čáslav, Hlavenice, Velhartice, Sobesice, Dlouhá Ves, Dřazovice, Hrádek, Nezdice na Šumavě, Petrovice, Susice, Záhobe, Strásin.

xx) Karlovy Vary okres: Boží Dar, Smolné Pece, Černava, Nove Hamry, Horní Blatná, Abertamy, Potůček, Pernink, Merklín.

xx) Sokolovský okres: Bublava, Strbina, Prebuz, Sindelova, Rotava, Jindřichovice, Olovi.

x) Tachov okres

Region of Northern Bohemia:

x) Chomutov okres

x) Louny okres

x) Most okres

x) Teplice okres

xx) Decín okres: Lobendava, Dolní Poustevna, Lipová, Vilemov, Velký Šenov, Mikulásovice.

xx) Liberec okres: Černousy, Hermanice, Dolní Ránsice, Frydlant, Bulovka, Habartice, Viseň, Horní Ránsice, Pertoltice, Krasný Les, Lázně Libverda, Raspenava, Hejnice, Chotyň, Rynoltice, Hrádek nad Nisou, Bílý Kostel nad Nisou, Jindřichovice pod Smrkem, Nove Mesto pod Smrkem.

xx) Jablonec nad Nisou okres: Desná, Kárenov, Zláta Olesnice.

Region of Eastern Bohemia:

xx) Náchod okres: Vysoký, Kramolná, Borová, Dolní Radechova, Česká Cermná, Božanov, Krínice, Šonov, Martínkovice, Hejtmánkovice, Otovice, Hermánkovice, Zárky, Velké Porčí, Vysoka, Srbská, Stárek, Nový Hrádek, Slavonov, Přibyslav, Mezilesí, Jestřebí, Libčiny, Sendraž, Provodov-Šonov, Zár, Velké Petrovice, Česká Metuje, Suchý Důl, Machov, Bukovice, Bezdekov nad Metují, Teplice nad Metují, Adrspach, Meziměstí, Vernerovice, Jetřichov.

xx) Rýchnov nad Knežnou okres: Destné v Orlických horách, Orlické Záhoří, Sedlónov, Rokytnice v Orlických horách, Ríky, Bartosovice v Orlických horách, Rybná nad Zdobnicí.

xx) Trutnov okres: Radvanice, Jívka, Chválec, Lámpertice, Bernartice, Zácler, Zláta Olesnice.

x) Ústí nad Orlicí okres.

Region of Southern Moravia:

x) Třebíč okres

xx) Břeclav okres: Břeclav, Mikulov, Breží, Milovice, Klentnice, Sedlec, Dobré Pole, Bávory, Pavlov, Dolní Dunajovice, Perna, Brod nad Dyjí, Dolní Věstonice, Horní Věstonice, Jevíškova, Drnholec, Novosedly, Nový Přerov, Hlohovec, Valtice.

xx) Znojmo okres: Znojmo, Podmolí, Olbramkostel, Bezkov, Citonice, Dyje, Kuchařovice, Unánov, Lukov, Milčovice, Masovice, Hrušovany nad Jevišovkou, Hevlín, Šanov, Mackovice, Litobratice, Hrábetice, Právice, Březany, Dyjakovice, Hrádek, Velký Karlov, Jaroslavice, Valtrovice, Šlup, Křídlovky, Strachotice, Hnanice, Havraníky, Šatov, Vysocany, Lesná, Oslonice, Bitov, Zalesí, Stitáry, Onšov, Šumna, Zblovce, Chvalatice, Horní Brečkov, Vráčovice, Korolupy, Uherčice, Vrátnin, Lubnice, Podhradí nad Dyjí, Vranov nad Dyjí, Šáfov, Stáry Petrín, Stálek, Láncov, Podmyče, Dyjakovický, Chvalovice, Vrbávec, Kravsko, Hluboké Masovky, Plenkovice, Žerůtky, Hodonice, Křovice, Tasovice.

Region of Northern Moravia:

x) Bruntál okres

x) Frýdek-Místek okres

x) Karvina okres

x) Nový Jičín okres

x) Opava okres

x) Ostrava-město [town] okres

x) Šumperk okres

x) Vsetín okres

Explanatory Notes

x) The support program for businesses applies to all communities in the okres. xx) The support program for businesses applies only to the communities listed.

Organizational Instructions

The applications for support will be submitted on a single form, which can be used for all four published programs.

The application form can be requested from any branch of the following financial institutions: Agrobanka Praha, a.s. (Agrobank Prague, Inc.), Prague; Česká státní spořitelna, a.s. [Czech State Savings Bank, Inc.], Prague; Československá obchodní banka, a.s. [Czechoslovak Commercial Bank, Inc.], Prague; Investiční banka, a.s. [Investment Bank, Inc.], Prague; Komerční banka, a.s.

[Commerce bank, Inc.], Prague; or directly from the Ceskomoravská záruční a rozvojová banka, a.s., [Czech and Moravian Guaranty and Development Bank, Inc.], Prague.

The applicant must discuss the application with the bank that is to provide the credit and after he has filled it out and the bank has confirmed it, he must send it to the Ceskomoravská záruční a rozvojová banka, a.s., Vršovická 65, Praha 10, PSC [zip code] 101 60.

The business public will be notified in good time about any changes in the submission and processing procedures of the application.

Detailed information about the possibility of admission to the individual programs can be obtained from:

Ceskomoravská záruční a rozvojová banka, a.s., Vršovická 65, 101 60 Praha 10-Vršovice, tel.: 712 24 34, fax: 742 304

Ministerstvo pro hospodářskou politiku a rozvoj ČR [Ministry for Economic Policy and Development of the CR], odbor podpory podnikání [Business Support Department], Vršovická 65, 101 60 Praha 10-Vršovice, tel.: 712 21 68, fax: 742 304

SSP Středisko pro podporu malých a středních podniků při Ústavu pro hospodářskou politiku České republiky [Center for Support of Small and Medium-Size Businesses at the Institute for the Economic Policy of the Czech Republic], Pod Zvonarkou 7, 120 00 Praha 2, tel.: 25 69 34, 691 04 99, fax: 691 07 57, 691 12 65.

Wage Policy Misunderstandings Clarified

92CH0416A Prague EKONOM in Czech
5 Mar 92 pp 20-21

[Article by Jiri Kinkor: "Wage Policy"]

[Text] Probably only very few economists would trivialize the importance of wage regulation policy during times of heavy inflation or when there is danger of inflation, let alone in an economic system which is reforming itself, when inflation is not a product of irresponsible monetary softness, but rather the essential result of the dismantling of price subsidies, as well as of the absence of or little effectiveness of institutions which, in developed market economies, create natural barriers for chaotic fluctuations of the price level. Such institutions are particularly a high-quality market with a minimum degree of monopolization and private ownership. In our phase of creating markets, "overshooting" of prices still occurs. This is because sellers require a certain period of time (it can be days, months, but also years), to "discover" the shape of demand curves which actually are a barrier for their prices with respect to the given volume of production. We could name a number of other factors which exerted an influence in our country on the level of prices in 1991. This article will deal with the

specific factor of price growth as a result of the unfounded growth in wages which generally becomes the source of cost inflation.

The specific standing of an unfounded growth in wages is based on the fact, among others, that it is generally a derived time-delay factor—it is a reaction of the amount of available work to the growth of price levels. In the postcommunist economies, which are reforming themselves, wage development has yet another important dimension. It is not only a reaction to prices, but to inherited deformation of wage relationships and can, thus, even become an autonomous source of cost inflation with relatively stable prices. Last year, in our country we clearly had a combination of both reactions. Even if the growth of the wage levels theoretically does not imply a growth in costs or even prices, this generally does occur. If, at the same time, costs other than wage costs were to drop or if an appropriate decline in profits were to occur, inflation would not necessarily have to start up (or accelerate). However, this can be considered more or less only as a hypothetical and rare coincidence of circumstances.

Wage cost inflation is characterized and is particularly dangerous as a result of the fact that it feeds upon itself. This does not occur with regard to the other inflationary factors. For example, if soft monetary policy causes inflation in a given period, it is customary in the subsequent period (under otherwise equal circumstances) for a correction to occur with respect to the monetary corridor in the direction of restricting the pace of issuing currency, as long as the central bank behaves in an appropriately responsible manner. However, if prices rise because of an explosion of wages, wages have the subsequent tendency to "catch up" with prices and a classical inflationary spiral is thus created.

If we speak of wage policy, we are not concerned with finding a medicine to treat inflation brought about by other factors, but rather only in an attempt to erect the barrier against the overflowing of nonwage types of inflation into wage-type inflation.

The objection could be raised that an across-the-board regulation of wages is actually an artificial incursion on the part of the state into market processes, which is just as undesirable as the across-the-board central control of prices. Even if wage policy does not regulate individual wages and relationships among them, but only regulates the general tendency of all wages to rise through setting the average wage, it is necessary to recognize the rational core of this objection. Nevertheless, it is necessary to still further qualify it. Although regulating wages slows down, to a certain extent, the rectification of inherited wage structure deformations and relationships, it is, nevertheless, an essential tax payable for the success of macroeconomic stabilization. Last year, when shock-type changes occurred in all macroeconomic indicators, it was necessary to utilize all instruments of stabilization at the disposal of economic policy. Wage regulation had the character of directional growth and was, thus, not a hard

freezing of wages, which, for the most part, does not lead to preservation of social conciliation because it does not provide any room for negotiation. It is immensely important to realize that social conciliation, which is precisely brought about and preserved as a result of negotiations, even though it be fragile, is the key moment for the effectiveness of wage regulation because it leads to a feeling of responsibility on the part of employees and their trade union associations. If the government fails to reach consensus in tripartite negotiations, or if such negotiations do not even occur, income regulatory policy is usually virtually ineffective. Employees consider it as a dictate, to which they respond with strikes or other pressure actions. That is why the government ascribes extraordinary significance to such negotiations, all the more so this year when the danger of inflation is joined by a real threat of exploding unemployment. The government is aware that it is not politically expedient to hold wages down so that they would be noninflationary (something which is inevitable given the decline in productivity), but that it is possible and necessary to control their growth within the framework of tolerable limits.

Were Wages Inflationary Last Year?

The documents of the FMPSV [Federal Ministry of Labor and Social Affairs] (but not only these documents) frequently contain theses indicating that wages in 1991 had a stabilizing character and were noninflationary in nature. The argument which is presented is the virtual nonexistence of inflation in the second half of 1991. This is a somewhat simplified interpretation of what actually happened in the wage area last year.

Income policy in 1991 was actually effective and contributed to stabilizing the price level. Many enterprises did not even achieve the indicated level of wage growth, which is explained by the fact that they simply did not earn enough to be able to afford such increases. Nevertheless, as the most recent information from the FMPSV indicates, the average wage in the fourth quarter of 1991 was more than 23 percent higher in comparison with the end of 1990. Comparing this with the price growth rate, accompanied by pointing out the big head start in the pace of inflation over the pace of wage growth, is a false criterion, which frequently forms the basis of claims that wages in 1991 did not have an inflationary effect. The immediate application of this criterion is then a determination of the level of the directional growth of wages, commensurate with the pace of price increases, or the cost of living. Unfortunately, this philosophy shows up in the materials published by the Ministry of Labor under the heading of looking for the maximum permissible "still noninflationary" growth of wages. Unfortunately, it is precisely indexation which is the best engine for the inflationary spiral which we wish to avoid by instituting an effective incomes policy. Although indexing is conducted during the conclusion of collective and commercial contracts in all countries where very low inflation exists, where the monetary center has the situation under control, and where the economy is

generally stabilized. This most certainly was not the case, say, in Poland where indexing, which was applied at the beginning of the 1980's as a result of pressure from Solidarity, had catastrophic hyperinflationary consequences, something which should have a sufficiently deterring effect on us.

A generally recognized telltale yardstick of the inflationary measure of wages is the indicator of labor productivity. The curve of its development in our country last year indicated an absolute downward trend which clearly contrasts with the development of nominal wages. It is precisely this mirror which shows us that any kind of growth in nominal wages, be it ever so small, would be inflationary given the decline in productivity (we again disregard the possibility of a compensating decline in the other cost factors or in profits). If the growth in wages had not taken place in an inflationary environment which was independently brought about by other factors, it would have itself resulted in a palpable cost inflation. However, this was not the case and cost inflation impulses were obscured by a one-time price equalization of supply and demand in many markets, reflected by the 1990 devaluation as well as by a decline in the supply of goods, connected with the increase in prices in many markets having a monopolistic or oligopolistic structure.

Some Other Misunderstandings

It is frequently argued that the decline in real wages is a substantial component of the demand barrier which is thought to be the result of some kind of measures of economic policy. In actual fact, things are different. The barrier to demand, which tells us how much is being purchased at a given price level continues to exist and has always existed. However, we did not know anything about it before because prices were artificially stabilized and enterprises did not react to demand anyway, but "operated according to the plan." In other words, the barrier "does not come into being" as a result of the decline in real wages, but it is as though we discover it by the fact that we find out how much we are capable of purchasing at higher price levels. Discussions on this topic make it sound as though the decline in domestic demand has caused a decline in production. Things are more likely the other way around. The autonomous decline in the supply of goods, inseparably connected with the increase in prices, resulted in a decline of consumption. Unfortunately, this misunderstanding gives rise to a whole series of irrelevant prescriptions in support of domestic demand. However, what is particularly necessary is to support supply and to do so particularly in order to strengthen competitive processes which will have a tendency to pull prices down.

Another error which ties in to the previous discussion in its own way is the claim that wage growth contributes to increasing demand and to reviving the economy. However, the economy behaves in a different manner. As long as we do not change the volume of money within the economy, there is greater pressure on price growth the

more average nominal wages deviate from the development of labor productivity. What is generally true is that there will likely be further restrictions in production and increases in unemployment commensurate with the extent to which enterprises permit wages and prices to rise (in accordance with their negotiations and market forces), rather than economic revival.

An extraordinary misunderstanding of the mission of incomes policy is the widespread fiction that only the inefficient enterprises need be regulated in terms of wages. But incomes policy is not selective, but rather is an across-the-board macroeconomic instrument which is not aimed against "bad" enterprises, but against the general tendency toward a rapid growth of wage costs which are not justified on the basis of efficiency. It was therefore an error to consider that, for 1992, regulation should be restricted to state enterprises. Fortunately, this did not occur and, according to a government decree, the directional wage growth guidelines will apply to all entities without regard to type of ownership. The question remains whether it is correct for enterprises with a small number of employees (up to 150) to be exempt from regulation. Many of these medium-size and small companies will compete with each other, which should create a natural barrier to the escalation of wages in those companies, provided that a strong trade union background does not develop there. However, I fear that even without the above developments this sector could

become the spreader of wage inflation if express inflationary impulses arrive in the guise of increased rents, increased energy costs, etc.

In conclusion, a remark on the philosophy of the growth guidelines contained in the General Agreement for 1991, which will obviously be preserved even for this year. Recently, it turned out that employees who are represented by trade union associations erroneously believe that the growth guidelines must be actuated in such a manner that the average real wage would not decline by more than 10 percent in any part of the year to which the General Agreement applies. They are interpreting this to mean that real wages themselves must not drop by more than 10 percent. However, this is something quite different. The purpose of regulating wages is not to set the bottom limit for real wages, something which employees naturally welcome, but to set the upper limit of growth for nominal wages in such a way as to give employers the opportunity (not require them to do so as a duty) to raise wages to such a nominal level which would represent a maximum of 90 percent of the growth of the cost of living. After all, the government cannot compel an employer to raise nominal wages to this level—after all, this is not even economically desirable. The accusations which have been floated that the government did not secure the maximum 10 percent decline in real wages during 1991 and that it thus violated the General Agreement are, thus, incorrect and represent a misunderstanding of the government's purpose.

Chinese Citizens Expelled From Hungary

92CH0295C Budapest NEPSZABADSAG in Hungarian
4 Jan 92 p 4

[Article by Zoltan Laczik, Beijing correspondent for NEPSZABADSAG: "Expelled Chinese Citizens"]

[Text] Our correspondent reports that an unscheduled MALEV [Hungarian Air Transport Enterprise] plane landed in Beijing early Friday morning, bringing home Chinese citizens who had been expelled from Hungary.

The indications are that China is reluctant to take back its expelled citizens. That at least is what one may infer from the antecedents. The plane transporting the group was to have arrived originally in mid-December, but the Chinese authorities then demanded that Hungary verify the identity of each expellee.

Interior Ministry Official on Refugee Problems

AU0804162392 Budapest MAGYAR HIRLAP
in Hungarian 7 Apr 92 p 5

[Interview with Istvan Morvay, political state secretary at the Hungarian Interior Ministry, by Karoly Lencses; place and date not given: "Where Are the Limits of Democracy?"]

[Excerpts] There are no signs in Hungary of the violent hatred of foreigners prevailing in some European countries. There is no such thing here, despite the fact that our citizens' tolerance has diminished because of the restructuring difficulties. Istvan Morvay confirmed all this, but did not hide the fact that people of a different skin color are exposed to more danger. Morvay will sign a document today on the opening of an office of the International Migration Organization in Budapest aimed at helping solve problems in Hungary related to foreigners.

[Lencses] Both the domestic opposition and foreign organizations and newspapers have been attacking you lately for the administration of foreigners and the atrocities committed against foreigners in Hungary.

[Morvay] I represented Hungary at several international forums and I can declare that our policy toward foreigners here was regarded as positive. I admit that some newspapers criticized us, but these were mostly politically-oriented attacks without any basis.

[Lencses] Statistics show, however, that the Hungarian officials have become substantially more active against foreigners who are residing in Hungary illegally.

[Morvay] I do not think that this proves anything. While there were 10 million foreigners arriving annually 10 years ago, we had 40 million visitors last year. Open borders also have negative consequences. In addition, crimes committed by or against foreigners make newspaper headlines, and these reports often exaggerate the real danger. Last year we had to initiate some kind of

measures against foreigners in more than 20,000 cases, and some 3,000-4,000 foreigners also committed crimes. Most of them had to be deported, and cost the Hungarian Interior Ministry at least 200 million forints.

[Lencses] How many foreigners live in Hungary today?

[Morvay] It is impossible to know for sure because of the great fluctuation, but we can definitely speak of at least 100,000. They are here with tourist visas, temporary residence permits, or without documents. We have problems with the economic refugees who get stranded in Hungary while heading West.

[Lencses] Most refugees are Hungarians from Transylvania or Southern Slavs. The Hungarian population accepts their presence and they even receive official support. Is there such a differentiation on a government level too?

[Morvay] We joined the Convention on Refugee Affairs with a territorial limitation, namely, that we only accept citizens of European countries. This is in line with international agreements, and not a single foreign partner has anything against this.

[Lencses] You are accused, however, of indiscriminately deporting people who arrive from other continents, although some of them face reprisals at home.

[Morvay] This can be a justified concern, but our officials examine every case to make sure that persecuted people are not forced to go home. If someone asks for refugee status, the UN High Commissioner on Refugee Affairs will deal with the problem. If the request is justified, this agency will arrange for a host country. We do not deport anyone while this process is going on. There are many such people living today in Bicske. [passage omitted]

[Lencses] We are witnessing a particular dilemma: The Hungarians are ready to accept refugees, while they definitely display an aversion to foreigners. It seems that their patience is running out.

[Morvay] That is true, but I am convinced that there is no sign in Hungary of the violent hatred of foreigners prevailing in some European countries. There is no such hatred, despite the fact that our citizens' tolerance has generally diminished as a result of our economic situation, domestic problems, and restructuring difficulties. Action against foreigners is one way of venting some of these tensions. There are legitimate reasons too. Consider the example of the illegal currency dealers on Vaci Street in Budapest. [passage omitted]

Restrictions on Foreigners Tightened Further

92CH0295B Budapest NEPSZABADSAG in Hungarian
4 Jan 92 p 4

[Interview with Dr. Boldizsar Nagy, international lawyer, by Andras Sereg; place and date not given: "The Spirit of the Aliens Registration Law"]

[Text] According to a spokesman for the police, residence permits for foreigners will be granted or extended only in very exceptional cases in the future. In conjunction with this matter, we interviewed Dr. Boldizsar Nagy, an international lawyer, and asked him whether the Hungarian statutes are in harmony with the practice abroad.

[Nagy] There is no significant difference in the wording of the regulations. Most countries give their administrative agencies practically unlimited decisionmaking authority on granting foreigners permission to enter the country or to reside there. The starting point is that a foreigner may enter a given country only with its permission, and the country's will is formulated by the mentioned administrative agencies. The only exceptions to this rule are the Common Market and the countries maintaining a special relationship with it. In practice, these countries do not treat one another's citizens as foreigners.

[Sereg] After the Ferihegy attack, as we very well know, the police tightened the restrictions on foreigners. What measures do other countries adopt after terrorist attacks?

[Nagy] In relatively great secrecy, the Common Market countries have been preparing for years to adopt a treaty regulating the crossing of their borders. The purpose of the treaty would be to ensure the same extent of security along the Common Market's external borders.

[Sereg] In your opinion, does the Hungarian move deviate from international practice?

[Nagy] No, it does not. But I would like to remind you that this move was not without its antecedents. Last autumn, when entry into the country by foreigners was tightened, Interior Minister Peter Boross made a very noteworthy statement. He said something that was unusual for a rule-of-law state; namely, that we were acting already then in the spirit of the future Aliens Registration Law. That statement revealed two things. First, that an aliens registration bill was being drafted. And second, that its spirit would differ from that of the statutory regulation then in force.

[Sereg] Many people are of the opinion that the present move violates human rights.

[Nagy] They are mistaken. The basic situation, also from an international point of view, is that every country makes entry by foreigners contingent on their having obtained a visa. A foreigner does not yet have a right of entry that the countries also recognize. The positive international agreements on human rights merely speak of an individual's right to leave his country. But nobody has a human right entitling him to enter another country. That is not a symmetrical obligation. I think that the Helsinki and Vienna documents encouraging freedom to travel will need time to become enforceable international law.

Minister Praises Role of Hungarians Abroad

AU0704112092 Budapest MAGYAR HIRLAP
in Hungarian 1 Apr 92 p 3

[Interview with Foreign Minister Geza Jeszenszky by Csilla Medgyesi; place and date not given: "Domestic Debates Should Not Be Exported"]

[Text] Geza Jeszenszky thinks that statements according to which the Hungarian Government has "written off" Hungarians living abroad are extremely unfortunate. Reacting to accusations made by Smallholders Party Chairman Jozsef Torgyan, Geza Jeszenszky pointed out that Hungary continued to count on Hungarian abroad. These are people who give a good example of what a Hungarian is capable of if he can live and work freely. Geza Jeszenszky thinks that it is extremely damaging to take our domestic problems abroad, instead of solving them at home.

[Medgyesi] Mr. Jeszenszky! Jozsef Torgyan has accused you of calling Hungarians abroad "useless people" and thus causing "elementary indignation" among them. What is your view of this accusation?

[Jeszenszky] I have personal contacts with a considerable part of the Hungarians living in the United States, contacts dating back to the period between 1984-86 when I was teaching there, and I became close friends with several people. Unfortunately, it seems that there are agents among them too, people who can be bought. They wrote one or two articles, to which Jozsef Torgyan referred. More specifically, there is only one man who wrote about one of my lectures there. If anyone is interested in the evaluation of the same lecture by the audience of the Presbyterian church where I gave this lecture, I will gladly provide the full text.

My activity among the Hungarians in the United States and my past and more recent meetings with them made an extremely positive impression on me. I dare say that both sides regarded these meetings as successful. However, it is a fact that it is impossible to please everyone. The accusers are an isolated and misled group of people. I do not attach much importance to all this because, among others, the Hungarians in the United States are precisely the ones that represent the power source and the awareness of the fact that the overwhelming majority of Hungarians living in the West appreciate and support our efforts and our policy. This is not an affair of any particular parties or of the government. Most Hungarians living in the West are rooting for Hungary, are aware of our difficulties, and are trying to help in their own way. Besides, we do require such help.

[Medgyesi] In other words, the Hungarian Government continues to count on the support of Hungarians living abroad.

[Jeszenszky] Absolutely. I keep stressing this in my speeches and lectures. What is more, even before the elections, when a lot of people were expressing doubt that

Hungary would be able to emerge from bankruptcy, one of my arguments was that the Hungarians are a talented people. The Hungarians who were forced into exile in the past decades prove this. Their achievements are an example of what the Hungarians are capable of. Our task is to legislate laws and create conditions to enable the Hungarians also to assert themselves at home. We are currently in the process of creating these conditions.

[Medgyesi] Should we be concerned that statements like the one made by Jozsef Torgyan could again divide Hungarians living abroad and thus damage the existing cooperation?

[Jeszenszky] As far as I am concerned, I consider such statements to be extremely unfortunate, mainly because they confuse Hungarians living abroad. They do not know which party is represented by a given Hungarian politician. They are often surprised at the existing conflicts and debates. They would like to see that Hungary is trying to solve the tasks with joint forces, agreeing on basic values and basic issues, despite obvious political differences. The Hungarians abroad are both willing and ready to support this. I think everyone is interested in making sure that these people are not confused and embittered.

As for myself, not only as foreign minister but also before, I have always tried to avoid taking our domestic debates abroad; not to foreign governments, the public, or Hungarians abroad. Countries that enjoy freedom solve their debates internally. Of course, countries in which there is dictatorship need to appeal to foreign countries, including relying on their emigres. However, we can no longer regard the Hungarians living abroad as emigres, and new relations and a new alliance can emerge between us and Hungarians living abroad.

[Medgyesi] Do you support the idea of granting voting rights to Hungarians abroad?

[Jeszenszky] Aware of the opinion of the Hungarians abroad, even before the elections, I was convinced that we must create the framework and forms that would enable the holders of Hungarian citizenship and Hungarian passports to exercise their right to vote.

[Medgyesi] In other words, the only condition is that they should have Hungarian citizenship. Is it necessary for them to pay taxes or to have property in Hungary?

[Jeszenszky] Property in Hungary can hardly be a condition. We will not create voting rights based on property. However, it is desirable that these people should somehow be connected with Hungary. For example, on the basis of my experience abroad, I can imagine a situation in which all these people have an ideological address in Hungary because, according to the Hungarian electoral system, everyone votes in his place of residence.

KDNP Leader Views Domestic Situation

AU0604111392 Budapest MAGYAR HIRLAP
in Hungarian 30 Mar 92 p 4

[Interview with Laszlo Surjan, Christian Democratic Party chairman and welfare minister, by "O.Z."; place and date not given: "Increasing Forces Behind the Christian Democratic Party"]

[Text] The Christian Democratic Party [KDNP] does not give priority to Christians, and Laszlo Surjan does not think that this is the only party in charge of representing the Christians. All this was said at the recent two-day conference of the KDNP Executive Board, one of the major events prior to the party congress scheduled in Godollo 24-26 April. According to Laszlo Surjan, in the course of economic restructuring, privatization was often carried out with a total lack of legal and moral principles. Therefore, the current control system should be expanded. Laszlo Surjan thinks that avoiding hyperinflation was the major achievement of the last two years.

[O.Z.] Mr. Surjan! You said that the parties did not yet have a mature policy in 1990. Will your party's policy become mature by the upcoming KDNP congress in April?

[Surjan] We think in different terms: We expect to clearly formulate the prospects and guidelines at the congress. We give one year to prepare the election program, and we will still have one year before the elections. We will use this year to work out the government program. It is absolutely necessary to have a detailed government program for the coalition talks in a multiparty democracy in which no party can count on absolute majority. In this case, we can form a positive coalition, and this will also enable the formation of a coalition between parties with a different political philosophy and thinking, because they can concretely agree on various political issues. Therefore, our goal now is to be able to reach the next elections on a theoretical basis, rather than to clearly state what should happen in 1994.

[O.Z.] Will a program coalition emerge then, rather than a coalition of feelings?

[Surjan] Of course, this is an ideal thing if it emerges among parties with a similar ideology. However, one cannot guarantee the composition of the next parliamentary cycle in advance.

[O.Z.] You said that you do not believe in opinion polls because they often published untrustworthy results. However, in your opinion, what forces are behind your party?

[Surjan] I would like to answer with a single term: increasing forces.

[O.Z.] You say that increasing tolerance among various parties would be the ideal thing, but the KDNP is

engaged in politics with increasing firmness. How long can firmness and tolerance go side by side?

[Surjan] In my opinion, today a hesitant party is characterized by uselessness, rather than tolerance. In other words, a firm opinion is one thing, and respect for other opinions is another thing. Tolerance means that I find it absolutely natural that someone thinks differently. World affairs are so complex today that mostly two or three opinions can only approach reality, if at all. Full tolerance means that we welcome other opinions. However, if one does not have an opinion, there is nothing to tolerate.

[O.Z.] One of your former deputies, Gabor Balogh, had a firm opinion that was less tolerated by your group of deputies....

[Surjan] This is a much more complex problem. Without getting into details, I would like to draw your attention to an interesting phenomenon: Gabor Balogh left our faction, but he did not leave the party.

[O.Z.] My next question relates to your position as welfare minister. You promised to submit a social welfare bill to parliament in the first half of this year. When can we expect it to become a law?

[Surjan] In my opinion, only in the second half of this year, but I hope we will be able to submit it in the first half of this year. I also hope that this will be a major law and it will come into affect with the beginning of the next budget year. Otherwise, we will only deal with patching things up, and we have had enough of that. At the moment, the bill is being coordinated by various ministries. This bill already contains a minimum guaranteed income, something that solves many problems for both the citizens and the local government bodies. Of course, this bill also has pitfalls. One of them is that the citizens might feel that they should not care about anything and should not do anything because the state would take care of them. Much richer states than Hungary cannot afford such a thing. Countries that have a very high level of social welfare services witnessed a new rapid deterioration in their citizens' attitude toward work, and this forced these countries to change their policy. I am referring to Sweden, where a wonderful social policy system used to work for years and stabilized a political power for decades, but its consequences appeared recently. The other pitfall is the extent of this minimum guaranteed income because, after all, this depends on our economic performance. We will have to thoroughly vote on this at the yearly budget debate, because nonexistent income cannot be distributed.

Union Leader Favors MSZP, Does Not Fear MDF

*AU0404134592 Budapest MAGYAR HIRLAP
in Hungarian 27 Mar 92 p 4*

[Interview with Sandor Nagy, chairman of the National Federation of Hungarian Trade Unions, by Janos A.

Szilagyi; place and date not given: "Sandor Nagy Is Not Afraid of Settling Accounts"]

[Text] Sandor Nagy has repeatedly said recently that the trade unions should not stay in the background at the next general elections, scheduled for 1994. We asked Sandor Nagy to give us more details about his position.

[Nagy] The National Federation of Hungarian Trade Unions [MSZOSZ] maintained a rather reserved and neutral attitude during the parliamentary elections in 1990. We see now that, apart from the Hungarian Socialist Party [MSZP], there is no party in parliament that represents the interests of this country's employees. This has created an extremely difficult situation for the trade unions, because they are having to carry out a fight that they would not have too if there were a balanced parliament. As a result, we have come to the conclusion that it is in the interest of the trade unions to support parties, programs, and people that accept the task of representing employee interests.

[Szilagyi] Is the representation of economic interests compatible with the representation of political interests?

[Nagy] Not only are they compatible, the one cannot work without the other. The trade unions must take it upon themselves to represent these people's interests, and the trade unions can only do this if they are able to express their position. In a political situation in which the trade unions are ignored and disadvantageous laws are being enacted against them, we must do something to create a more favorable situation.

[Szilagyi] Why do you think that the MSZOSZ members regard the MSZP as the only force that represents employee interests?

[Nagy] We try to adhere strictly to the facts. We do not regard the recent tensions like the massive unemployment today as something legitimate. In the course of parliamentary legislation, we see that the MSZP is the party that considers the workers' interests. We do not want to force any particular party upon our members. We can see the way our members regard each party. We can see that there has been an increase in our members' sympathy toward the MSZP since this party began dealing with the workers' problems more firmly.

[Szilagyi] The Hungarian parliament discussed the Labor Bill this week. In your view, to what extent do the recently adopted laws reflect the workers' interests?

[Nagy] We have not yet been able to prepare a precise analysis because of the many amendments. In view of the position taken at the interest coordination council, this labor law does not contain the things that were previously demanded by the trade union, mainly on workers and trade union rights. But the very fact that this labor law has been enacted is already a positive thing in itself, because it represents at least something certain in the world of labor.

[Szilagyi] What is your opinion about the position of the Presidium of the Hungarian Democratic Forum [MDF] in which they promise to settle accounts with organizations that have links with the old regime?

[Nagy] Obviously, there are political considerations behind all this. It could affect not only the activity and property of certain organizations, but certain persons could also be forced into the background. I am not naive and I realize that anyone who accepts a public role in Hungary today and is not on the side of those who uncritically support the ideas of the current government is open to pressure to give up his public role. As for myself, I am not afraid, because I have not done anything to justify any fear.

MDF Official on Foreign Capital, Privatization

*AU0704123892 Budapest UJ MAGYARORSZAG
in Hungarian 4 Apr 92 p 4*

[Interview with Istvan Csurka, Hungarian Democratic Forum deputy chairman, by Attila Bano; place and date not given: "A National Bourgeoisie Is an Essential Issue"]

[Excerpts] Istvan Csurka, Hungarian Democratic Forum [MDF] deputy chairman, recently visited the United States at the invitation of a U.S. investment association. We asked him about his experiences during this trip.

[Bano] Did you participate in preparing any economic agreement or in a concrete business agreement?

[Csurka] I was a member of a fact-finding delegation. I visited several enterprises there but did not participate in business talks. On the basis of my experience, I can say that there are good business contacts developing between the two countries.

[Bano] In a previous interview, you spoke about the possibilities of honest capitalist ventures in Hungary. What guarantees do you see for avoiding corrupt deals?

[Csurka] We started building up our economic contacts upon practices that were mostly bad. We also had bad practices in trade relations. This brought more damage than profit to Hungary. Our old trade relations have remained mostly unchanged in the present regime and the previous control has disappeared. Many firms sought their own partners by selling them efficient or inefficient enterprises. No one could control or influence this activity, and no one knows how much went into secret bank accounts in addition to the official purchase price. [passage omitted]

[Bano] The employees are helpless witnesses of the privatization process, of ventures created with foreign and domestic capital. Do they really care whether they get their salaries from an honest or a dishonest entrepreneur? Is it possible that it makes not difference for them?

[Csurka] It makes a difference. It makes a difference to me. It makes a difference to the foundations of the

future, the development of a new bourgeois society, the examples the people follow, and whether they represent this nation's spirit and moral values. [passage omitted]

[Bano] The media is playing a big role in shaping our cultural environment. Many people claim that media affairs should be treated exclusively according to legal and professional considerations and independently from politics, and criticism is being heard about government interference. What is your opinion about this?

[Csurka] I regret having to take the time to answer this question, because 90 percent of Hungarian Radio and Television is in the hands of opposition parties and officials of the former regime who have not been replaced yet. Therefore, one should talk about the position of the opposition in the written and electronic media.

[Bano] What did you do in Washington?

[Csurka] I held talks with State Department officials in charge of central Europe and Hungary. I tried to inform them in such a way to make sure that Hungary gets more support for the implementation of our policies connected with the change in regime. [passage omitted]

Free Democrats Chairman Views Party Problems

*AU0704115292 Budapest MAGYAR HIRLAP
in Hungarian 4 Apr 92 p 5*

[Interview by "H.Sz.-Graffiti" with Peter Tolgyessy, chairman of the Alliance of Free Democrats; place and date not given: "The Government Escapes Into Cosmetic Action"]

[Text] The government has sought escape from the unfavorable economic and political facts in cosmetic action, Peter Tolgyessy said in reference to the Zetenyi-Takacs bill in the liberal club in Tet. Parliament spent 17 days discussing this bill, leaving only three days for discussing the budget. According to Tolgyessy, after the taxi-drivers' blockade the Antall government made some faltering steps toward forming a democratic consensus through a government reshuffle and the Kupa program. Later, nevertheless, it chose cosmetic actions and power politics, or in other words, it has been placing its own cadres in bureaucratic and enterprise positions. Answering a question, Tolgyessy said that the Alliance of Free Democrats [SZDSZ] would try to avoid such retaliation if it won control of the government in two years' time. He finds it unfortunate that the SZDSZ has become involved in parliamentary debates which society sees as aimless bickering, because it could be successful with a policy that deals with pragmatic economic issues. By 1991 the Hungarian Democratic Forum [MDF] had given up its original election promises. Rather than establishing a national middle class, it places the greatest tax burdens on this stratum of society. The privatization that would create this middle class has also become slower, nationalized, and clandestine. The local government-friendly policy of the original program has not

come to fruition, either. In reply to another question, Tolgyessy said that the figures would not be better even had the SZDSZ won the elections two years ago, but at least, the country would have begun heading toward the end of the tunnel. We interviewed Tolgyessy after his lecture.

[H.Sz.-Graffiti] At the time you were elected chairman, one of your goals was for the SZDSZ to address society. Do you agree that this has not been successful?

[Tolgyessy] Yes, I do. The SZDSZ continues to be preoccupied with its internal problems. The need to address society is still very important, and I share responsibility for the failure. I still have the same goals, namely that the SZDSZ must deal with the problems of the voters. These are the matters concerning entrepreneurs, the most burning issues of pensioners and employees, inflation, privatization, and unemployment. A party preoccupied with internal problems can expect to get low marks from the public. If the SZDSZ does not get past these internal debates through democratic decisions, it can expect to lose further ground.

[H.Sz.-Graffiti] What are you responsible for?

[Tolgyessy] Up to now, I have been trying to make it possible to harmonize the various intentions within the SZDSZ. I should have spent more time with my own policy and message.

[H.Sz.-Graffiti] Recently the chairman of the SZDSZ National Council [Miklos Gaspar Tamas] has been appearing in the press more than you have....

[Tolgyessy] If the SZDSZ has an important message for the electorate, then it should appear a lot in the press. It does not matter who says the important things.

[H.Sz.-Graffiti] According to an article by [MDF representative Jozsef] Debreczeni in *MAGYAR HIRLAP*, the party center in Merleg Street has been virtually empty during your chairmanship.

[Tolgyessy] Jozsef Debreczeni was wrong. There were not many personnel changes in Merleg Street. At the same time, it is true that the SZDSZ has been operating like a movement and not like a real party with many paid members and experts. It was part of my program that we organize a businesslike and professional party. We have made steps in this direction but not as fast as I hoped.

[H.Sz.-Graffiti] How far have you progressed with restructuring?

[Tolgyessy] The SZDSZ has a new party director, a new economic leadership, and new people are working in the center.

[H.Sz.-Graffiti] According to SZDSZ members in the provinces, unclear interparty relations are the party's biggest problems. They think that "Peter Tolgyessy is not allowed to deal with the party."

[Tolgyessy] I cannot refute these statements. I was not able to concentrate sufficiently on making the party operate in a businesslike manner. Although this does not have spectacular results, it makes the mere existence of the SZDSZ possible. I also feel that I was unable to spend much time on essential politics. This has to be changed as soon as possible. As for interparty relations, we must be open toward everyone who wants a bourgeois Hungarian society where members work at their own initiative. In this respect, the new leadership started well. We met all the important partners, including the party, church, and trade union leaders. We established contacts on the highest levels. We have problems maintaining continuous contact, but this takes us back to the idea of a professional and businesslike party....

[H.Sz.-Graffiti] It was revealed recently that the state gave positions to the parliamentary representatives of government parties in the leadership of state-run enterprises. Does the SZDSZ have any members in such positions?

[Tolgyessy] I do not know if we have such representatives. The individual SZDSZ deputies in the districts received a letter from the industry minister asking them to nominate people to the leaderships of enterprises waiting to be transformed. This means that our representatives were not invited to these posts. I am not happy about parliamentary representatives becoming members of the board of directors or supervisory committees at state-run enterprises. Perhaps this should also be excluded by some rule on incompatibility.

Free Democratic Official Views Coalition

AU0704075492 Budapest NEPSZABADSAG in Hungarian 30 Mar 92 pp 1, 8

[Interview with social scientist and politician Janos Kis, member and former chairman of the Alliance of Free Democrats, by Katalin Bossanyi; place and date not given: "A Clear Opposition Alternative Is Needed—According to Janos Kis, a Liberal Left-Wing Coalition Is Possible After 1994"]

[Excerpts] The current government coalition is a captive of its own extremists to such an extent that this will cause it to fail in the elections, claims Janos Kis. [passage omitted]

[Bossanyi] Two years after the democratic change of the regime, in your view, how far have we progressed?

[Kis] We definitely have to start from the fact that the constitutional framework of democracy is established. Legal guarantees protect people's freedom and political pluralism. On the other hand, the government is undoubtedly trying to make these guarantees ineffective. By occupying the economic and administrative positions, setting up a widespread dependency, and—not least—by creating fear, it is trying to establish a position of power that can be limited to a lessening degree through constitutional means.

[Bossanyi] How can the authorities do this?

[Kis] Partly because of the weakness of the political parties. The parties of Hungarian democracy are very young, and they do not have an established following of voters who would support them in all circumstances. The parties' support can dwindle just as fast as it can swell. However, while there are few ways of keeping the voters, the government has enormous tools at its disposal to build up its own dependency system. Thus political power slips across to the state and to the people who fill jobs dependent on the state. Another reason worth mentioning is the domestic limits of privatization. The capital accumulated in the past is little compared to the size of state property waiting to be privatized. The gap between the two gives ample opportunity for distributing the economic power according to political considerations, in exchange for loyalty. This also helps to create the system of dependencies.

[Bossanyi] In your view, what kind of people is the government trying to use to build up its dependency system?

[Kis] I think that one can only have impressions on this subject. However, two groups are fairly easy to distinguish. One group consists of people who want economic or state administration careers and have grabbed the sudden opportunity. A large number of them filled relatively high positions in the previous system. For them, the ideology of the Hungarian Democratic Forum is an outward requirement: Their loyalty is to the power that apportions. [passage omitted] They would probably welcome living in calm and predictable conditions. The other group consists of people who are interested in restoration. The compensation law, the Zetenyi bill, and the Justitia plan were meant for them. They form the audience of the HUNGARIAN FORUM. They are people who were or could have been at the Szabadsag Square [in front of the Hungarian Television building] on 15 March. They are not interested in calm or in the institutionalization of relations, but in slander campaigns and hysteria. The Antall government's political tone is determined by the fact that it builds on both groups of dependents. It is conservative and wants order, but at the same time it is radical rightwing. However, this coalition can only be maintained for a short time, and it will fall apart after the parliamentary elections at the latest. [passage omitted]

[Bossanyi] Last year in an interview you said that the greatest danger to democracy was the continued impoverishment. Well, unemployment, unfortunately, is skyrocketing, and impoverishment is widespread.

[Kis] The fast increase in unemployment and the continuing impoverishment are very serious phenomena. However, they do not in themselves mean the failure of the Hungarian economy and society. The actual problem is that they are not the concomitant signs of a definite restructuring that creates the basis of new advancement. This government, similar to its predecessors, is only

treating the symptoms of the crisis. Similar to its predecessors, it has no credible strategy to remove the causes of the crisis. This is one of the reasons for society's increasing dissatisfaction with politics. In my view, the other reason is that all political restructuring is taking place within the ruling elite. People who are not present when the positions are allocated cannot break into politics. This is a very dangerous situation, because those who bear the burden cannot feel that their sacrifices are necessary or morally acceptable. It is never poverty itself that turns people against the authorities, but the fact that they have to pay an unfair ransom.

[Bossanyi] The way the government is trying to "handle" the social problems indicates autocratic, rather than pragmatic, solutions. Is that correct?

[Kis] I see two kinds of bad attitude in the government parties. One belittles the ordinary people's problems, and shows an upper class arrogance. This is the message of the conservative wing that stands for order. The other is the behavior of the right-wing radicals, where—as a good old habit—incitement against civil liberties and foreigners is mingled with social demagoguery. It is true, though, that their rhetoric is so antiquated and their excitability is so repulsive for the masses yearning for peace that they cannot expect great successes. However, they can spoil the political atmosphere. [passage omitted]

[Bossanyi] To the outsider, it seems that the Alliance of Free Democrats [SZDSZ] is also having problems.

[Kis] The way I see it, the SZDSZ's internal crisis is not a permanent state, but a process that promises a cure. As a first step, the Liberal Coalition was established within the party. This is a guarantee for preserving our liberal character. As a second step, discussions have been started between the representatives of the coalition and the administrative body of the party, with the mediation of Marton Tardos. As a result, the positions of the platforms in the SZDSZ structure will be settled. I feel that the party's consolidation may only take a few months. [passage omitted] The Hungarian Democratic Forum [MDF] has already lost the next elections, but if the SZDSZ does not fully recover, then there will not be another coalition to win the elections. In this case, rather than the promise of a better government, the failure of the MDF-led coalition would lead to the breaking up of the political forces and to a lack of any kind of majority that could govern. We would head in the same direction as Poland. [passage omitted]

Public Opinion Mixed on Political Retribution

92CH0295A Budapest HETI VILAGGAZDASAG
in Hungarian 11 Jan 92 pp 7-9

[Article by Endre Hann and Janos T. Timar: "Public Opinion Poll on Retribution"—first paragraph is HETI VILAGGAZDASAG summary]

[Text] Fifty percent of the public who had heard of the legislation sponsored by deputies Zetenyi and Takacs would have voted against it, 36 percent would have voted for it, and 9 percent would have abstained. In the Hungarian parliament the Zetenyi-Takacs bill passed with 61 percent of the vote (the vote against it was 16 percent). Promulgation of the enacted law is being held up for the time being by the deliberations of the Constitutional Court, the next round of which is scheduled for Tuesday. A decision is expected early February at the latest.

The abundant literature published in recent months on retribution and the statute of limitations should provide sufficient ammunition for the Constitutional Court to dispense with consulting additional experts before deciding the fate of the Law on Retribution, after hearing the opinions of the highest dignitaries: namely, Hungary's president, the speaker of the National Assembly, the prosecutor general, and the minister of justice. That is what Andras Hollo, the Constitutional Court's secretary general, told HETI VILAGGAZDASAG, in response to the question we put to him. As everyone knows, President Arpad Goncz has requested the Constitutional Court to prereview the constitutionality of the enacted but as yet not promulgated "Law on the Feasibility of Prosecuting Crimes That Were Committed Between 21 December 1944 and 2 May 1990 but Could Not Be Prosecuted Then for Political Reasons" because he is concerned that the law might undermine the legal system's stability.

To support their standpoints, the opposing sides in the heated debate on the law have been referring to the public even more often than usual, but without actually making use of the available, albeit fragmentary, results of opinion polls.

Late last year, at HETI VILAGGAZDASAG's request, the Median Kft [Median Limited-Liability Company] surveyed the public's mood regarding retribution, partially by repeating the questions of previous surveys, and partially by taking new aspects into consideration. The survey was conducted between 5 and 10 December, using a sample of 1,200 respondents who reflected the composition of the country's adult population.

Although most people do believe that the previous political system's wrongdoers have to be brought to account in some form or other, public opinion is responding only moderately to the sharp debates taking place in the upper reaches of political life. This becomes evident primarily from the fact that relatively very few people know what the controversy is really about, and the population's knowledge of the law is very sketchy. Only one person in 10 knows that the statute of limitations is the main issue; and only one person in five is dimly aware that calling to account, punishment, and—according to some respondents—some form of compensation or restitution are involved.

Social status closely determined the respondents' familiarity with this issue. Above-average proportions of the better-educated urban strata, males, and persons over 30—these are the groups usually more at home in political issues—had heard of the law. Over and above all this, it can be demonstrated that a certain kind of liability to the law's provisions also played a role: One-time members of the former state party were better informed than the respondents who had not been members of the MSZMP [Hungarian Socialist Workers Party].

The respondents who had been able to answer the question regarding the main features of the enacted Law on Retribution were also asked whether they, as members of parliament, would have voted for or against the Zetenyi-Takacs bill. Every other such respondent would have voted against the bill; only slightly more than one-third (36 percent) would have voted for it; and one-tenth (9 percent) would have abstained. Although parliamentary rhetoric had presented the law unambiguously as a moral imperative, an absolute majority (56 percent) of the informed respondents felt that the law's enactment is warranted by political rather than moral (32 percent) considerations; that too reflects indirect criticism of Zetenyi's legislation. At this point the respondents' religious views becomes decisive: The law satisfies the moral code of atheistic citizens far less than that of religious citizens. In both groups, a majority saw political motives behind the law's enactment. However, the majority was an absolute one (76 percent) in the former group, but a relative one (45 percent) in the latter.

Past and present party affiliation respectively have a strong influence on the respondents' attitude toward the law. Among the informed respondents, only 17 percent of the former MSZMP members would have voted for the bill's enactment; but more than three-fourths of those who would vote for one of the ruling parties "this Sunday" approved of the law. Respondents who would vote for opposition parties likewise fall into two groups: about a third of the SZDSZ [Alliance of Free Democrats] and FIDESZ [Federation of Young Democrats] supporters, as opposed to only a tenth of the MSZP [Hungarian Socialist Party] supporters, would have voted for passage of the bill.

The gist of this phenomenon is that, on one side, the bill's sponsors and parliamentary supporters are striving to present this solution as a tool capable of satisfying the entire nation's morals, while accusing the opponents of treating the enacted law as a matter of party politics. But the law's opponents reject it specifically because behind the much-voiced moral motive—which, incidentally, they too share—they see the definite design of the other side's party politics. This conflict is clearly replicated also in public opinion: all those who in their majority are against the Zetenyi-Takacs legislation (respondents who would vote for opposition parties, and who are atheists) tend to see political designs behind it, while the legislation's supporters are more inclined to recognize the underlying moral motive. In other words, this issue has become

extremely politicized on both sides, and individual standpoints stem unusually strongly from personal links with party politics.

Over and above all this, the Konya-Peto debate that was twice broadcast on television demonstrably acted as a catalyst in helping society sort out this issue. For in every social group, even among university and college graduates, the proportion of informed respondents was substantially higher among those who saw the mentioned debate on TV. The debate and its tone seem to have generated more antipathy, because a significantly higher proportion of the viewers among the respondents would have "voted" against the legislation (58 percent) than for its passage (43 percent). This does not mean that a much larger number of retribution-opponents saw the program to begin with, because from the analysis of other questions we know that the viewers were at least as "strict" as the other respondents about past crimes.

At the same time it is undeniable that a majority wants wrongdoers brought to account for the acts they committed under the previous political system. This became evident when the pollsters placed three abstract but "typical" figures of the recent past in an imaginary dock and asked respondents to acquit or convict these figures. The first type called to mind the corrupt public official who would be convicted under any legal system. The second type was the official who made wrong economic decisions, without breaking the law. And the third type was the politician who likewise acted in accordance with

the legal practice at the time, but now his actions are viewed differently. Comparisons with the results of previous opinion polls show that public opinion is extremely stable regarding the question of retribution and has not become "more bloodthirsty" during the past 18 months, despite the repeated attempts to arouse passions. Indeed, there has even been a slight increase in the number of "forgiving" respondents, the ones who believe nothing should be done about the politicians in question. On the other hand, however, intolerance of those who have kept their privileges has increased. Probably also the worsening economic situation explains why more respondents are now demanding the revoking of privileges than two years ago, and why public opinion generally favors penalties of a financial nature.

Believers are somewhat stricter than the atheists about these matters. But here—unlike in the assessment of the Zetenyi-Takacs legislation—there is no difference between the standpoints of the ruling parties' supporters and the liberal opposition's supporters respectively; the fault line runs between the supporters of the five civic parties and the supporters of the MSZP.

According to the present survey, one out of every 10 Hungarian citizens has a score to settle, but only every third person among them would take steps to institute proceedings. This proportion (about 3 or 4 percent of the adult population) seems almost negligible statistically, but it actually means that eventually the justice system may have to process perhaps as many as 250,000 complaints.

**Punishments Proposed in February 1990 and December 1991 for Politicians Who Had Done Wrong in the Past
(in Percent of the Respondents)**

What should be done about politicians who:	Year	Nothing	Should be barred forever from positions of leadership	Should not be allowed to live better than the average person	Should be made to pay a stiff penalty	Should be imprisoned	Did not know or answer	Total
Abused their power so as to live in luxury	1990	3	13	46	18	10	10	100
	1991	6	14	53	16	5	6	100
Helped to make decisions that led to the country's severe indebtedness	1990	3	18	24	29	16	10	100
	1991	8	21	28	27	10	6	100
In the course of their duties, harassed political dissidents	1990	4	35	17	10	20	14	100
	1991	10	28	23	12	19	8	100

Popular TV Reporter Chrudinak Attacked, Praised

Illustrious Past Under Communism

92CH0413A Budapest TALLOZO in Hungarian
27 Feb 92 p 410

[Article by Arpad Szeri reprinted from TOLNAI NEPUJSAG, 19 February: "Chrudinak, the Persecuted Victim"—first paragraph is TOLNAI NEPUJSAG introduction]

[Text] One should not be surprised at anything today. Not even when it turns out that a widely renowned person was not widely renowned after all.

For instance, I had always thought of Alajos Chrudinak as one of those star reporters who, even in that disastrous old regime, for decades enjoyed the power establishment's indulgence. And behold, now it turns out that this is far from the truth. It was Chrudinak himself who enlightened me about my great misconception. Our populist-national weekly magazine published the rather

angry letter that Chrudinak wrote to TV president Elemer Hankiss. It includes the following passage: "Beginning in 1956, the power establishment persecuted me, expelled me, fired me, imprisoned me, held me accountable, criticized me, punished me, and hindered me in my work because I always spoke and acted in line with my opinions and convictions, because I was never anyone's stooge or pet dog, and because I did not join any forces."

After reading this rather flamboyant passage, one can perhaps do nothing but nod his head in appreciation and mentally shake hands resolutely with the man who always spoke his mind. He probably did the same thing when, as one of the personages in Ildiko Saghy's volume of interviews entitled *From Love to Stage*, he stated his views. (The book was published privately by the author in 1985.) As an introduction to the interview, Alajos Chrudinak explains to the reader, first of all, from whom he got his beliefs and attitudes, which he is probably still proud of: from his father who was "a modest and good worker, and a true communist."

As a subsequent station of his career, little Alajos wholeheartedly participated in the pioneer movement's establishment: "And then, in 1950, with the first pioneer delegation, I was able to go to the Soviet Union. All this no doubt contributed to my decision to study international relations after high school graduation." At any rate, his decision was a successful one, for he was admitted to Moscow's Institute of International Relations. It was in 1965 when the [Hungarian] Radio sought him out, the one who had been persecuted, expelled, fired, imprisoned, etc. This is what Chrudinak says, with noble simplicity, of the period following the Radio's initiative: "I became a reporter and program editor, an expert of Middle-Eastern culture."

Of course, all this could not be so simple, for—as Chrudinak explains even in his letter—the power establishment must have hindered him in his work. Or perhaps not really? In looking at the interview's following lines, the reader may have some doubts: "And, what is more, no one interfered with what I was doing." Or perhaps the hindrance or the calling to account happened later, during the Panorama period when he was already working at [Hungarian] Television? But why would something like this have happened when Chrudinak states that "in the Panorama, we analyze and evaluate our contradictory world and the world events with sincerity and initiative. The foreign policy editors are able to accomplish this because we have a real workshop here. I have been able to attract outstanding colleagues to this workshop, for the present democratic atmosphere and the spirit of debate demands, I think, precisely such programs."

This is clearly said, and one must not forget that it was in 1985 when the volume of interviews was published and the winds were, of course, still quite different at that time. And if, in closing, one opens the sourcebook *Who's Who of 1992*, one can find further interesting facts on

Alajos Chrudinak who was persecuted for three-and-a-half decades but nonetheless always expressed his own opinions and convictions.

Let us immediately add that Alajos Chrudinak may indeed have had numerous troubles in 1957, after he was banned from all Hungarian universities for supporting Imre Nagy's ideological platform. However, in the same year, he "was teaching language at the TIT's [Society for the Propagation of Scientific Knowledge] Attila Jozsef Free University [equivalent of a Continuing Education Program at an American university] and worked at the National Translation Bureau. Between 1965 and 1968, he was on the faculty of the Department of Semitic Languages, Lorand Eotvos University of Arts and Sciences BTK [expansion unknown]. Between 1966 and 1972, he worked as editor and reporter at [Hungarian] Radio; between 1972 and 1977, he was deputy chief editor of foreign policy at Hungarian Television; then, in 1977, he became editor in chief of foreign policy and, in 1989, became member of the Board of National Minorities of the Council of Ministers."

He holds the following awards: Ferenc Rozsa Prize (1977), SZOT [National Council of Trade Unions] Prize (1979), Bela Balazs Prize (1982), first prizes of the Miskolc TV festivals (1976, 1978, 1980, 1982), Gold Nymph Prize (Monte Carlo, 1980), and the special prize of the Leipzig Film Festival (1981). Since 1968, he made more than 70 major documentary films, his first substantial work being "Moscow Through the Eyes of a Hungarian Student" (1970).

Here we are. These are the stations of a 35-year persecution of a man who went through a lot of suffering and who was criticized, punished, called to account, hindered, etc.

With the knowledge of all this, one can only agree with the opening sentence in "Chrudinak's Struggle," the lead article of the weekly magazine that published the letter: "In our changing world, it was perhaps decency that suffered the greatest defeat."

Reformist, Patriotic Programs

92CH0413B Budapest TALLOZO in Hungarian
27 Feb 92 pp 411-412

[Article by Laszlo Parkany reprinted from UJ MAGYARORSZAG, 21 February: "Target: Panorama and Chrudinak—a Draft Script"—first paragraph is UJ MAGYARORSZAG introduction]

[Text] Dante admonishes the forgetful ones, "Light the flame of your memory and see yourself in this floating wick...", for those with an obscured memory find it harder to see themselves.

It seems that many people's memories are obscured. Intentionally or unintentionally? In this raging and treacherous world, in the midst of a pummeling game of ousting, they tend to see the intentions behind the

insinuating notes of journalists and readers, of interviews that seem to be made to order, and of open letters. (So much the more as it can be calculated almost exactly [this is sad calculating!], which newspaper or press organ—and in which case—wishes to have an obscured memory.)

But, actually, this is not what I want to talk about. For trend followers and small-stature troublemakers have always existed and will continue to exist, and this is also true of newspapers serving momentary group interests as well as of those who supply, day after day, the lies for this. The readers, radio listeners, and TV watchers are going to remember what each person said or wrote anyway. (It cannot be accidental that, according to public polls, Chrudinak continues to be the most popular TV journalist [168 Hours] even though he has temporarily been forced off the air for more than a year.)

This whole thing came to mind because the other day certain Jewish organizations attacked Panorama, i.e., Alajos Chrudinak. He was the target, there is absolutely no doubt about it. For he has been subjected to ferocious series of attacks for quite some time now which periodically abated, only to flare up again ever more frequently.

It began sometime last summer when TV's present president tried to accuse him in connection with a paper of his that was published in the MAGYAR HIRLAP. The sociologist, who has seen better days, loquaciously harped on until, in the end, he remained alone. What he said was not even worthwhile for the accused to file charges of libel for. Then, interestingly enough, the interview by Ferenc Koszeg was published, again in the MAGYAR HIRLAP. The statements of the SZDSZ [Alliance of Free Democrats] representative, who is editor of the party magazine BESZELO, contained ugly insinuations indeed. In the bygone period, his magazine—as he himself—committed grave mistakes in evaluating the political situation as well as the tasks and attitudes of the political journalist. Evidently, this resulted from the fact that his magazine subserviently followed, in both attitude and tone, the party policy which proved false and flawed and which belittled the Hungarian nation and Christian humanism. True, it turned out—precisely at a meeting of SZDSZ representatives—that the elitism, arrogance, and intolerance of those who make such policies cast doubt on their abilities in playing the roles of professional politicians. And it is also true that this policy—as Gaspar Miklos Tamas put it the other day at an internal SZDSZ conference—has put even the party in a critical position. For, as he says, a certain personal conduct and political attitude that is unworthy of liberal citizens has become the rule in the SZDSZ with evermore decreasing exceptions; western partners more and more frequently write off the SZDSZ as an unrescueable looser.... Nevertheless, those “pushed aside” continue their stylistic rear-guard fighting. For instance, by trying to denigrate the other through false statements. Of course, they lie about the past of “my dog's puppy,” describing it as being nice and progressive, while they decry and disparage the past of

the other who “does not whistle my tune.” This is the way it is happening with Chrudinak, too, who is not “dancing the way” certain people want him to. I do indeed see his name mentioned in Koszeg's statements, for instance: why Chrudinak (and others) are suddenly so devoted to this “national” regime, since earlier they were spokesmen of an entirely different regime.... The half-a-dozen Jewish organizations also claim hair-raising things: They accuse Chrudinak of enthusiastically supporting Saddam Husayn and Qadhafi....

Banned From Syria

Well, now, let us look at what this no-good Chrudinak has done while Elemer Hankiss, for instance, kept doing research in America with the Kadar regime's grants, or while one or another representative of those defining himself as a member of the democratic opposition, i.e., the pseudo-opposition, who similarly made frequent visits to the New World—not traveling on his own money either—or while “persecuted” Gyorgy Konrad—even Timothy Garton Ash also mentions this with strong criticism—listened to the clink of coffee cups in, say, a German cafe and immersed himself in the buzz of roundtable discussions of peace movements organized in West Europe's splendid cities?! Well, during all this, Chrudinak at home was producing programs that irritated the party state, and won international prizes. He came forward not with Marxist, Stalinist, and Maoist thoughts as some of his accusers did, but with internationally noted works. He made 95 internationally renowned documentary films, his works received awards at the most prestigious film festivals, and western television companies paid hard dollars for many of his films. (His films on the Sahara war or the Iraqi-Iranian oil and marsh war, for instance, were awarded first prizes in the Monte Carlo festivals where, if I recall correctly, the jury was chaired by Salinger, Kennedy's onetime press secretary.)

Already then, when it was still unfashionable even in the circles of today's blusters, Chrudinak employed the principle of *audiat et altera pars* [let the other party be heard] in his programs. Since 1980, he has been the only one in Hungary to criticize Arafat's politics and behavior. We know, because we have seen it in Hungarian Television, that Arafat, for instance, jumped up nervously and angrily left in the middle of an interview, accusing the Hungarian editor in chief of discrediting him in front of the whole world, and later, during his Budapest visit, he personally “denounced” him to Kadar. Then (in 1980), the Hungarian deputy prime minister of that time reprimanded Chrudinak because in his film entitled “The Oil War” he sharply criticized the Iraqi president, claiming that he was the one who touched off the senseless war.

But other instances, which today's accusers like to “forget,” could be cited. Here are just a few. In 1972, Chrudinak made a two-part film entitled “Moscow Through the Eyes of a Hungarian Student.” Because of it, the Soviet Communist Party Central Committee's foreign affairs department formally denounced him at

the MSZMP [Hungarian Socialist Workers Party] foreign affairs department. Subsequently, because of his allegedly sensitive and malicious questions, Zorin and Zamiatyin, Brezhnev's chiefs of military policy and agitprop, at the Hungarian embassy in Moscow presented their complaints against him to the chief of the MSZMP foreign affairs department of that time. But Chrudinak could not enter Syria for a long time either, because during the 1976 Lebanon crisis he sharply criticized Damascus for its military intervention. In 1970, he became *persona non grata* in Jordan because he was the one, together with cameraman Karoly Varszegi, who informed the world about the bloodshed of the "Black September." Gyula Horn, who is now a proclaimed reformer but who was far from being a reformer in the foreign affairs leadership of that time, did everything he could to stop the Panorama's interviews with Havel who was persecuted by the Prague regime; and, in collaboration with the Czechoslovak journalists, radio, and TV, and in precise timing with the NEPSZABAD-SAG's Prague correspondent, who is still there, he delivered a nice Philippic oration against the interview with Dubcek.... But while the foreign affairs leadership of that time—in its concern about maintaining "good relations" with comrade Jakes' Czechoslovakia—was trying to exert pressure on Chrudinak and tried to take the interview out of the program and, indeed, in collaboration with TV's leaders of that time, initiated an investigation of "the affair" against Panorama—well, in the meantime, Panorama shook up Czechoslovakia with its interviews with Dubcek and Havel, thus no doubt contributing to the beginning of fermentation in that country. The airing of the interview made with Solzhenitsin was also unforgettable; incidentally, it was cut, during the broadcast, by Istvan Wisinger, the "intendant" who happened to be on duty....

The Risk Was Risky

Well, where was then the courageous "democratic opposition"? While they were engaged in actions, the office of the editor in chief, lead by Chrudinak, was in fact loosening the regime's restrictions. (True, Chrudinak had "routine" in that. My age group can still remember that, in 1956, the official reason for banning the second-year student from all Hungarian universities was that "he supports Imre Nagy's ideological platform." He was imprisoned and was fired from jobs for years, but he never ceased to proclaim that what he was convicted for was a revolution and a national uprising.) The programs Parabola, critical of the regime, the Szuperbola, or the International Studio, all of which were produced under Chrudinak's leadership, are worth remembering. They had a program called Risk, for instance, which spoke of economic reform at a time when no one else spoke about it, i.e., speaking about it was not allowed. True, the program was banned after three years of struggle and fighting windmills. It is no accident that these programs were praised in the western press already 15 years ago, and that president Carter himself mentioned that,

through these TV programs, Hungary greatly helped the cause of the Helsinki "third basket" (the free flow of ideas and people).

Or should I mention the reports from Romania or the reports on the dire situation and concerns of Magyars living outside the borders—which were made during the Kadar, Ceausescu, and Jakes times?! To be sure, the Panorama—and Chrudinak personally—produced report footage on the Transylvanian Magyar culture already in 1973. The TV president of that time had half of the reportage "cut," with the strange reasoning that it was nationalistic and excessively Magyar-sided. And, in 1987-88, he stood up more consistently than anyone else for the cause of Magyars deprived of their rights (in Slovakia, Sub-Carpathia, and Transylvania). Indeed, he was the one to call the world's attention to the atrocities committed by Ceausescu's dictatorship, and it was the Panorama in which Temesvar clergyman Laszlo Tokes launched the struggle, leading to the revolution, against Ceausescu and the Securitate. Bishop Tokes said in one of his statements that "If I was the spark of the revolution, then the Panorama and Chrudinak were the fire strikers."

Objective Camera

Serving the cause of Magyars in Hungary—this is what some people did not, and still do not like.

Or perhaps what some do not like may be the fact that the Panorama and its editor in chief always, everywhere, and consistently took a stand in support of those who were humiliated, saddened, and deprived of their rights—no matter where they live?! And that they did this in a way that—contrary to many colleagues—enabled them to remain objective?! I am thinking here of his Near Eastern reports which, precisely because of their objectivity, elicited, and continue to elicit, the disapproval of some extremist Hungarian journalists. But really, how could the Israeli lobby, which may be even more impatient and biased than the Israeli extreme right wing, approve of the decent stand that is professed and aired by Chrudinak in his programs? Namely, that Israel should have security and that the Palestinians should be able to exercise their national and human rights. It is a funny thing, but the American and French presidents, chancellor Kohl, the overwhelming majority of the world's leading politicians, and even the "other" Israel, i.e., almost half of the Israelis, agree with what Chrudinak says. True, such extremists accuse Bush, Kohl, and Mitterrand of anti-Semitism as soon as they fail to speak and act the way they want and at the time they want. Nonetheless, president Bush and the others continue to follow their own path....

In closing, I think that, in the final analysis, the Panorama and Chrudinak are evaluated by their programs. The sound volume of the hostility will decrease in time. Of course, I know, that our health is rapidly deteriorating and our sadness may become permanent in the meantime. This is also included in the "package plan" of the

unjust attacks although Chrudinak always replies cheerfully to my sincere how-are-you inquiries. I am not fooled by these replies. I often reflect upon the fact that, unfortunately, no one is called to account for these invectives, nor for the statements made both at home and abroad by certain politicians and journalists, in which they disparage the Hungarian nation, calling it fascist, and repeatedly speaking about the revival of the Nazi atmosphere. It is possible, of course, that it is not really Hungarian society these people want to serve, but even so, they would lose nothing by listening to Dante's admonition. For they could see themselves at least in the floating wick, they could understand themselves....

Crime Record Said Better in Army Than in Public

AU0604145292 Budapest MAGYAR NEMZET
in Hungarian 1 Apr 92 p 5

[Interview with Major General Tamas Kovacs, deputy chief prosecutor and military prosecutor, by Gyorgy Baranyo; place and date not given: "Fewer Suicides"]

[Text] In 1991, military prosecutors carried out 1,264 criminal proceedings and, in the course of these, some 2,258 crimes were proved against 1,393 offenders. Considering the statistics, we interviewed Tamas Kovacs about the crime situation in the Hungarian Army. Tamas Kovacs recently reported to the members of the Defense Ministry Steering Committee about the main conclusions.

[Baranyo] What are the trends in the crime situation in the Army?

[Kovacs] After reviewing the statistics for the past 10 years, it can be said that the number of military crimes has doubled. In the last five years, offenses increased by 87 percent. Statistics registered 689 military crimes in 1987 and 1,290 in 1991. Some 90 percent of known crimes were committed by conscripts. It can generally be said that, over a longer period, the criminality of the Hungarian Army's soldiers changed negatively but, compared with the previous increases, the 1991 statistics show an improvement in military discipline. Comparing the crime figures, that is the crime situation, of soldiers and civilians, I can say that the soldiers are in a better position.

[Baranyo] What characterizes the crimes of conscripts?

[Kovacs] The number of conscript offenders was 11 percent greater in 1991 than in 1990. Out of the 1,393 convicted soldiers, 1,257 were conscripts. Everyone knows that there are new conscripts each year but, in our experience, the general personal qualities of young people and the living circumstances that they leave behind have not changed. The specially noteworthy reasons among the reasons for crime are the following: poor nervous state of the soldiers, personality and adaptation problems, occasionally exhausting workload, desire for family, and unsettled family situation. In a number of cases, it was only discovered during the criminal proceedings that the individual had been

unsuited to military service at the time of conscription. It is also typical that nearly 20 percent of crimes were committed under the influence of alcohol or in order to obtain alcohol. In the case of some 25 percent of the suspects, a desire for entertainment was also among the reasons. Slackening military discipline and superficial—or lack of—supervision by commanders were contributing factors in a number of crimes. Looking at the categories of crimes, it is a positive change that the number of unauthorized leaves of absence has considerably decreased. At the same time, breaches of duty on guard duty and abuse of power while on duty or of the situation indicate a deterioration of duty discipline. We examined 248 offenses of tormenting and assaulting subordinate or lowly conscripts.

[Baranyo] What is the situation in the case of ordinary crimes committed by soldiers?

[Kovacs] Military prosecutors can only investigate non-military crimes if they are related to the service. Some 75 percent of such crimes were committed against property. During the course of these crimes, some 23 million forints' worth of deliberate damage was caused and only 7.8 million forints of this was recovered during the proceedings. Some 10 people fell victim to crimes committed by soldiers in connection with the service. The increased number of cases when weapons or ammunition were hidden is also worth mentioning, although, fortunately, no specially dangerous cases occurred.

[Baranyo] How many suicides were committed?

[Kovacs] The number of suicides continued to decrease. Looking at the statistics for 1990 and 1991, the number of investigated suicides dropped from 20 to seven, although the number of suicide attempts increased from 22 to 31. According to our investigations, we did not have to establish the criminal responsibility of other soldiers in any of these cases.

[Baranyo] What did the military prosecutors do and what are they doing to improve the crime situation?

[Kovacs] We have held and are holding legal propaganda lectures and consulting hours in order to prevent crimes being committed by soldiers and to improve the crime situation. At commanders' conferences, we regularly inform each other of the experiences gained in criminal proceedings, and we held general supervision inspection in 200 cases in 1991.

Jeszenszky on EBRD, Economic Prospects

92CH0440B Budapest TOZSDE KURIR in Hungarian
27 Feb 92 pp 1, 10

[Interview with Foreign Minister Geza Jeszenszky by Jozsef Pomazi; place and date not given: "Together With the Countries of the Region"—first paragraph is TOZSDE KURIR introduction]

[Text] Foreign policy, economic and financial policies, cooperation, and international trade not only coincide on occasion; they frequently involve the same discipline. This is particularly true in these days when the power structure is subject to a deep-seated change in Hungary (and, on a broader scale, in the Central-East European region), when new structures are evolving and when interest relationships are entirely different than before. Foreign Minister Geza Jeszenszky is one of the leading architects of this historic process.

[Pomazi] Mr. Minister, what advantages could Hungary's favorable international assessment mean in the process of approving EBRD [European Bank for Reconstruction and Development] loans?

[Jeszenszky] I very much hope that this assessment remains favorable in the long term within the EBRD, as Hungary has a right to expect in the framework of international politics. Our European partners value our stability, just as we do. This, however, is only a relative advantage, one we may lose if we are unable to make economic progress soon. Only streamlined development can produce real and durable advantages.

Insofar as our place in the region is concerned, we are aware that Hungary could remain the island of peace and stability even if it traveled its chosen path alone; after all, Austria's example proves that it is possible to develop even as a border state, halfway surrounded by communist states. It is, of course, much more pleasant to be in the center of a prosperous region. Be that as it may, the way I see it, the EBRD appreciates Hungary's favorable international position.

[Pomazi] What explains the fact that despite the favorable assessment of Hungary, Romania instead received the largest EBRD loan thus far?

[Jeszenszky] Making a comparison has not even occurred to me, but insofar as I am concerned, I sincerely desire that the situation of the people of Romania improves and that they can live under the best possible conditions. And I will venture to state a probability: If the Romanian people succeed in this, the intolerant atmosphere toward Hungarians and other minorities living in Romania is also going to change.

Romania's economic ascent would, by all means, favorably influence the internal conditions, among them the situation of nationalities. At the same time, however, I am convinced that only in a constitutional state is it possible for a normal market economy to evolve. The EBRD charter expressly refers to this, i.e., the bank's lending policies support democracy and the market economy.

[Pomazi] In other words, we need not be concerned about conflicts when countries compete for EBRD loans.

[Jeszenszky] A few years ago, when I was able to become involved in politics for the first time more intensively, I was told by everyone: There is an awful lot of money in

the world and money seeks its own place. Our job is to offer appropriate investment opportunities. Today there are many more competitors than two or three years ago, but I believe that the better competitor always prevails under fair competitive conditions. Therefore I am convinced that if other countries also offer favorable investment conditions, they, too, will receive credit as a result of which their economies can develop, and as a result of which we, too, may enjoy the trade advantages they acquired. All this also holds true in the reverse.

[Pomazi] Does the Hungarian Government, and the Foreign Ministry in particular, maintain continuous consultation with the EBRD?

[Jeszenszky] The Foreign Ministry is a rather large machinery even in a country as small as Hungary. In other words, it has an appropriate organization to cover the financial field. In Hungary this organization is the division of international economic relations that acts as a coordinator between the international economic activities of other ministries and foreign policy on the one hand, and deals with foreign institutions and international issues under its jurisdiction on the other. The division's staff has an appropriate background in finances and economics, of course; moreover, dealing with the EBRD is the clear responsibility of one staff member. Beyond that, we are also nurturing political relations on a broad scale.

The bank was only in its nascent stage when President Jacques Attali visited Hungary, and I was able to develop a favorable personal relationship with him. During my recent trip to England I paid a visit to the EBRD and had an opportunity to meet with him again, as well as with the rest of the Board of Directors.

[Pomazi] Mr. Minister, are you satisfied with the level at which we are represented at the EBRD?

[Jeszenszky] I am unable to judge their daily, professional activities, of course, but I am convinced that the Hungarian representatives, employees working there, regard as their duty to uphold Hungarian intellectual values and to enforce Hungarian interests, albeit not officially, because this would be inconsistent with their job of representing the bank's policies. The bank's complex structure represents the member states, and with the help of this structure the individual countries or groups of countries are able to appropriately enforce their own, peculiar points of view.

[Pomazi] Do you recognize a possibility in which some kind of "Common Market" evolves in the EC's shadow between Poland, the Czech and Slovak Republic, and Hungary?

[Jeszenszky] As you know, the three countries reached an agreement in Krakow to develop mutual conditions for free trade. This, incidentally, is consistent with negotiations conducted by all three states with both the EFTA [European Free Trade Association] and the EC, but it does not mean that the three countries create some kind

of a separate bloc, for there is no chance for that, because trade between these countries is at a low level and the strings of integration are thin and weak. Aside from all this, it is important—moreover, desirable—to continue strengthening these economic relations, but this should be accomplished in the framework of a larger unit. This is even more true because this system of relationships is based on traditions, and the common interests are obvious.

[Pomazi] Are you optimistic about future economic relations with the Soviet successor states?

[Jeszenszky] The independent republics enjoy equal economic opportunities, but I am not certain that settled conditions and market economies can evolve in all successor states in the short term. This was not an easy task in Hungary either, and in the former Soviet Union it is even more difficult. The starting positions are worse because of the impoverishment of the people. At the same time one could also regard relatively modest achievements as significant. The question is whether the tolerance level of the people rejects or hinders the processes which, incidentally, are rather promising. Much depends on politics in those states, on the inventiveness of the people and their readiness to adapt. At the same time it is also clear that the republics alone, if left to their own, cannot resolve their own problems. Accordingly, a lot depends on the rest of the world. From this standpoint I regard the EBRD conference concerning aid to the independent republics as very useful. Not because of a certain quick help to be provided, but because it calls the attention of the world to the problems in those states, and to the fact that large-scale international cooperation is needed to resolve those problems.

[Pomazi] What kind of help could the EBRD provide in resolving the mutual payment problems among East European countries?

[Jeszenszky] It would be very useful if the EBRD agreed to deal with this problem. I am convinced that an institution like the EBRD could set this matter into motion.

[Pomazi] What are the most important fields of development, in your view?

[Jeszenszky] From Hungary's standpoint it is the expansion and modernization of the infrastructure. The last such definitive development occurred in the Austro-Hungarian monarchy. The budget provides rather significant support to local government; they certainly need such support. But it would be even more important for local governments to be able to increase the success and efficiency of their own functioning. After all, Hungary's welfare must be guaranteed primarily by its own people, by their diligence, cleverness and readiness. Outside help to this development can only be a useful supplement.

Privatization of Commercial Banks Discussed

92CH0440C Budapest TOZSDE KURIR in Hungarian
27 Feb 92 pp 1-2

[Interview with Katalin Botos, chairwoman of the State Banking Supervision, by Karoly Bognar; place and date not given: "It's Not the Same Thing; Katalin Botos on the Privatization of Banks"—first paragraph is TOZSDE KURIR introduction]

[Text] One of the great topics to be discussed this year will certainly involve the transfer of large commercial banks into private hands. This is a sensitive issue because these financial institutions perform the bulk of the country's financial transactions, and this could also be stated differently: they control a significant part of the economy. ABF [State Banking Supervision] chairwoman Katalin Botos, the former chairwoman of the Bank Privatization Committee established by the government, discussed the characteristics of bank privatization and the government's ideas about bank privatization.

[Botos] In examining the funds held by banks (partly) owned by the Hungarian state, and in reviewing the structure of financial institution stock we find a telling relationship: The total capital of the banks amounts to about one-twelfth of the entrepreneurial assets to be privatized. Interestingly, based on the financial institutions law, banks are able to mobilize 12 times the amount of their capital for lending purposes.... This relationship is indicative of the power of bank privatization. Namely, a share of stock issued by a bank not only represents its own worth, but deposits and credits worth 12 times as much. Therefore, privatizing a bank is not the same as privatizing an enterprise. In privatizing an industrial firm I authorize a stockholder to take his share of the enterprise's profits, or, perhaps, to take part in business policy decisionmaking. The situation is different in regard to banking stock.

In part, the purchase of banking stock also involves an investment decision, particularly on part of small investors unable to influence the bank's management, because at issue is whether these securities provide dividends. This depends primarily on management, on the abilities of management. The key issue is that the leaders of a bank must have a high level of understanding of conveying money, and financial institutions must be managed profitably.

In contrast, it is the responsibility of the supervisory organization, of the state, to permit a stockholder to profit only if this does not endanger the depositors' money, but instead permits those funds to grow. Just as a flourishing economy is the interest of the regulatory institution, the availability of credit to entrepreneurs—able to help make the economy flourish—is also in its interest.

Viewed from the ABF standpoint, it follows from all the above that in the context of bank privatization at issue is not

the holder of the stock, but whether the three, aforementioned interests—the depositor's, the bank stockholder's, and the borrower's interests—can be reconciled.

[Bognar] You recently attended several important international conferences. Did you receive advice that could be put to use in the framework of privatizing Hungarian banks?

[Botos] Banks all over the world are able to attract outside capital only if they can guarantee an appropriate profit. Everyone in Hungary fosters an illusion nowadays according to which privatization is the miracle cure. It is not a miracle cure. The difficult situation of privately owned American banks is proof of that.

If we want to sell our banks, we must, by all means, put their portfolios in good order, because that is the first thing an investor examines thoroughly. There is no time available to put these portfolios in good order if we want to privatize quickly, and we will sell great opportunities to exert influence for little money, and on top we will sell these opportunities mostly to foreigners because of the present situation Hungary finds itself in with respect to capital. One possible course to follow would be for the state to guarantee the questionable receivables held by banks, i.e., the purging of portfolios, but in the final analysis, this could only be accomplished at taxpayers' money. Another possibility would be for banks to manage their losses. The costs of this would be paid for by the owners, thus also by the state and the taxpayers, and as a result of the expenditures, by the borrowers. One thing is certain: Whoever wants to buy a bank will not purchase a pig in a poke.

Accordingly, at issue is not whether the government has or has no bank privatization strategy, but the fact that we do not regard hasty action as appropriate. Our goal is to put the banks' portfolios in good order, to spread the costs of doing so among the above mentioned factors, and to thereafter sell the financial institutions at good prices. This process takes time, but patience pays off in the long term.

[Bognar] And who could be considered as buyers?

[Botos] We have strategic partners in mind, but in choosing buyers we must observe one consideration in particular. A foreign financial institution could be regarded as a strategic partner, but only if it brings along a group of institutional investors. Because we must not sell a Hungarian bank so that it only becomes the office of an international bank in Hungary.

[Bognar] Thus far you have served as head of the Bank Privatization Committee. What can you say about the performance of that committee thus far?

[Botos] As I mentioned before, the Bank Privatization Committee was established by the cabinet last fall; it convened twice thus far. At these meetings representatives of the participating organizations—the Finance Ministry, the MNB [Hungarian National Bank], the

AVU [State Property Agency] and the Banking Supervision—described their respective concepts and international experiences. Records of these meetings have been established, i.e., I am able to document whether anyone from the responsible Hungarian organizations had any useful ideas. We prepared a questionnaire with the help of which we intend to find out who regards what priority as important. We will gather these questionnaires and will try to blend the results with knowledge that exists at the governmental level and with suggestions made by international advisers. This, then, will yield some material that can be discussed by the cabinet.

Financial Condition of Commercial Banks Analyzed

92CH0440D Budapest TOZSDE KURIR in Hungarian
27 Feb 92 p 5

[Article by Hungarian National Bank official Janos Ursprung: "The Banking System in Numbers"]

[Text] In Issue No. 6 of this newspaper we reviewed the essential banking events of last year. We should now take a look at the most important 1990 and 1991 data pertaining to financial institutions, with particular attention to the structure of funds and sources that were available to the banking system.¹

As of the end of December 1991 the combined final balance of parts of the Hungarian banking system well exceeded 2,000 billion forints; this figure represents a 60-percent increase over the amount recorded two years ago.

The 1990 profits of Hungarian banks and specialized financial institutions exceeded 60 billion forints. In 1991, however, the real worth of the total profits dropped, and the ability of Hungarian banks to generate profits declined. By now, the banking business is by far not as profitable as outsiders would generally assume it to be.

Maturity Structure

Mandatory central bank and other reserves increased forcefully, multiplying by about 2.5; the total amount of reserves exceeded 160 billion forints at the end of 1991.

No essential change occurred relative to placements maturing in excess of a one-year period; in fact, the volume of these declined by one or two billion forints. Considering, however, that in the course of a year outstanding placements maturing in less than one year have multiplied by 1.5, the rearrangement of the maturity structure of outstanding placements has continued. In early 1990 the volume of outstanding placements maturing in more than one year was 30-percent larger than the volume of outstanding placements maturing in less than one year; at the end of the year, however, the volume maturing in the longer term barely exceeded the volume of the short-term volume. By the end of 1991 the volume of long-term placements amounted to only 70

percent of that of short-term placements. The volume of other active accounts increased by about 20 percent.

The volume of sources (including the banks' own resources) maturing in more than one year increased by about 20 percent last year. The volume of sources maturing within one year increased more substantially, by about 40 percent. The rearrangement of the maturity structure also continued on the source side. While in early 1990 the volume of sources maturing in more than one year represented 86 percent of short-term sources, at the end of 1991 this ratio exceeded 60 percent only by one or two percentage points. The volume of other passive accounts and of the banks' own sources increased in 1991 by somewhat more than 20 percent.

Accordingly, the most essential change in the structure of the volume of financial institutional assets last year was the 10 percentage point decrease in the proportionate share of outstanding placements maturing in more than one year. Simultaneously, the proportion of placements maturing in less than one year increased by six or seven percentage points, and the proportion of mandatory central bank and other reserves showed an even smaller increase.

The changes are less significant on the source side. The volume of sources maturing in more than one year decreased by 3 percent, while sources maturing within one year increased by approximately 4 percent.

Since the total liabilities of financial institutions increased by about 30 percent in the course of a year, and since their profits have declined by about 15 percent, the profit ratio declined rather forcefully, by about one percentage point as compared to the previous year.

Division by Sectors

In examining the funds and sources available to banks and specialized financial institutions by sectors, i.e., if we want to find out the direction in which members of the banking system made loans and from which sectors of the economy they drew their resources, we find the following situation.

Placements by financial institutions to the state and to other sectors (e.g., to organizations funded by the state and to autonomous local governments) increased significantly. This change appears as less significant, however, if we consider that this change started out from a rather low base level, and that in the course of the year the volume of deposits made by the above-mentioned sectors also increased. The ratio of placements made to these sectors, as compared to the combined final balance of financial institutions, was less than 2 percent, and did not exceed 5 percent even at the end of the year.

Businessmen and enterprises are the most important clients of banks. The largest proportion of placements (between 35 and 36 percent of the volume of all assets) was granted to this sphere both at the end of 1991 and a year earlier. Deposits made by the business sector

amounted to about 19 percent of all financial institution resources late last year, the proportionate share of these within the total volume of deposits decreased (essentially, has not decreased) in the course of 1991.

The proportionate share of the volume of loans granted to individuals, a share that was not too high anyway, has further declined to a very small extent—to about 4 percent. The same can be said about individual deposits but with the notable difference that between 17 and 18 percent of the sources of financial institutions were derived from deposits by individuals, despite the insignificant decrease.

The proportionate share of foreign exchange transactions [in the form of negotiable instruments] also declined by barely 1 percent on both the active and the passive sides. Their proportionate share was relatively low at the end of 1991; active foreign exchange transactions vis-a-vis foreigners amounted to only 4 percent of all financial institutional assets, and this ratio barely exceeded 6.5 percent on the liabilities side.

The volume of funds placed with banks and financial institutions increased from 16 percent to 18.5 percent during the past year.

At the end of 1991 placements other than loans (leasing, capital investments, etc.) constituted almost 14 percent of the funds held by financial institutions, and the proportionate share of various active accounts amounted to more than 10 percent (capital stock not paid up, settlements with the AFI [State Development Institute], with the central bank, etc.).

A rather large part of the banks' liabilities consists of so-called other borrowing sources (central bank refinancing loans, resources drawn from other financial institutions, clearing items, etc.). At the end of last year these amounted to about one-third of all sources. Other passive accounts and the banks' own resources (their own funds, profits, passive account settlements with various sectors) represented a proportionate share of about 14 percent.

Jointly Owned and Hungarian-Owned Banks

Substantial differences can be seen in the available fund and source structure of exclusively Hungarian-owned financial institutions (hereinafter: Hungarian banks) on the one hand, and joint, or exclusively foreign-owned, financial institutions (hereinafter: joint banks) on the other.

One of these differences is in the term of maturity of the loans and borrowings made by the two groups of banks. At the end of 1991, about 37 percent of the assets of Hungarian banks matured in excess of one year. The same ratio at joint banks is less than 10 percent. Quite naturally, the exact opposite may be observed in regard to assets maturing in less than one year. At Hungarian banks the ratio of short-term placements was somewhat more than 40 percent, while the same ratio at joint banks

was about 75 percent. The other significant difference is that the proportionate share of various types of assets was 4 or 5 percent larger at the Hungarian banks than at joint banks.

The situation is similar on the source side. About 35 percent of the liabilities of Hungarian banks matures in more than one year. (Including the banks' own sources.) This ratio is less than 20 percent in the case of joint banks, despite the fact that they have better access to sources than the Hungarian banks. At the same time about 50 percent of the sources at Hungarian banks mature within one year, while the same ratio at joint banks is about 70 percent. The proportionate share of other liabilities at Hungarian banks is about four percentage points higher than at joint banks.

An examination of the situation by sectors also reveals some interesting data. On the assets side the enterprise sphere is the most important partner for both groups of banks. We find 35 percent of placements made by Hungarian banks in this sector, while the same ratio at joint banks is almost 40 percent. Significant amounts were placed with other banks and to financial institution. In this regard, however, the difference between the two groups of banks is more significant. At the end of 1991 somewhat less than 16 percent of the combined total volume of assets represented a placement to "financial institutions" with one or another maturity by the Hungarian banks. This index figure is more than 30 percent in the case of joint banks. At the same time, as compared to Hungarian banks, joint banks placed a substantially lower volume of funds to the state, and the loans they made to individuals represents a negligible amount. (Most of this tiny volume of personal loans were made by a single bank, thus it is safe to say that joint banks do not grant personal loans at all.) Foreign exchange transactions with foreigners involving negotiable instruments weighed more heavily at joint banks, at the same time, however, the ratio of their placements as compared to the volume of their assets is much smaller than in the case of Hungarian banks. (The difference is more than 10 percentage points.)

The most significant difference on the source side is reflected in the weight of the individual and the enterprise sectors. While enterprise deposits at Hungarian banks amounted to 17 percent of all sources in 1991, the same ratio exceeded 28 percent at joint banks. At the same time, individual deposits at Hungarian banks exceeded 19 percent, while the same amounted to less than 8 percent at joint banks. Thus, the financial institutions obtain more or less equal amounts of resources from individuals and enterprises combined. As compared to Hungarian banks, within the liabilities of joint banks their own sources and foreign exchange transactions represent a larger proportion, while sources from the state represent a smaller share. Similarly, other settlements of a passive character weigh less.

These few pieces of data well characterize the structure of the assets and liabilities of the banks and specialized financial institutions examined. But since this article was prepared on the basis of volume data from the beginning and the end of last year, the data does not show the processes of 1991, and mainly, the changes that occurred in the course of the year. This is particularly true in regard to interbank money market processes.

Footnote

1. This article was prepared on the basis of available reports and preliminary reserve statements filed with the central bank by financial institutions, commercial banks, and specialized financial institutions. It does not include data pertaining to the central bank, the Central Monetary Institute, the savings associations, and to the CIB I [expansion unknown]. The figures mentioned in this article are subject to change because some final official reports are still to be filed.

Surveys Reflect Concern for Unemployment

AU0804180192 Budapest NEPSZABADSAG
in Hungarian 7 Apr 92 pp 1,6

[Report by FERENCZY EUROPRESS: "Reflecting Two Surveys—The Order of Problems: Unemployment, Cost of Living"]

[Text] The major issues concerning our standard of living can be followed rather easily if we look at last year's statistics. At the same time, it is not at all easy to obtain objective information on the views of the general population and various smaller groups on the economic and social factors determining the daily life and the long-term life strategy of the average Hungarian. One of the best ways to find and assess this information is through comparing the results of surveys on similar issues over a longer period. In our case, a good opportunity is presented by the Modus Economic and Social Marketing Advisory Inc., because its researchers—Emoke Lengyel and Antal Toth—put the same questions on living circumstances to a defined group of people in October 1990 and February 1992. The most important results of the two national representative public opinion surveys are the following:

1. As is shown by the figures, in 1990, the surveyed people list the most serious social issues as problems to do with the economy, employment, poverty, and housing. Other issues in declining order are unemployment, the environment, health, education, refugee and immigrant problems, foreign affairs, and defense.

In contrast to this, the sequence in the current survey is: Unemployment, poverty, employment, and housing. The economy, environment, refugee and immigrant problems, health, education, foreign affairs, and defense follow them.

If we try to compare these two surveys from some kind of "seminhistorical" perspective, we can establish that people find unemployment to be the greatest problem. It is also understandable that, among the less serious issues, the problems of refugees and immigrants have moved up because this issue has, unfortunately, gained importance in the last 18 months. It is encouraging that the respondents still do not see foreign affairs and defense as very serious or serious.

2. It was also interesting to see how people assessed the seriousness of these problems as personal matters. In this respect, the order in 1990 was the following: cost of living, employment, economy, environment, housing, foreign affairs, unemployment, education, refugee and immigrant problems, and defense.

This was the order in the spring 1992 survey: cost of living, economy, poverty, health, environment, unemployment, education, housing, foreign affairs, refugee and immigrant problems, and defense.

As is evident, from the point of view of their own lives, the respondents consider the social problems of unemployment as the most serious.

It is interesting that, according to the respondents, when judging the general social problems, unemployment came to the top of the list this spring but is only in the middle of the list when it comes to how it affects people personally.

3. According to the results of the survey, in both surveys, people living in Budapest and in the central regions found the problems affecting living conditions to be more serious than people living in towns, and especially villages and other settlements in the provinces.

Both surveys' results show that people with lower incomes, the elderly, and unskilled and semiskilled workers saw unemployment, poverty, and the cost of living problems as more serious problems than the average person did. In contrast, young people, skilled workers, and office workers saw the housing problems more negatively than the others did.

Draft Law on Defense of State Secrets Reviewed

92EP0265A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 2 Mar 92 p VII

[Interview with Janusz Antoniak, director, Office for Coordination of the Protection of State and Official Secrets in the Ministry of Internal Affairs, by Ryszard Andziak; place and date not given: "Mysteries of State Secrets"]

[Text] [Andziak] The draft law on the protection of state and official secrets has been submitted to the Sejm. Why are the 1982 regulations outdated?

[Antoniak] First of all, the law in force since 1983 does not reflect the changes that have occurred in the state institutional framework and in the functioning of the economy. The law refers to the State Council and the Warsaw Pact, which no longer exist. Moreover, foreign entities have appeared in our economic life. We could live with that, of course. The present regulations, however, are too extensive. What was a secret 10 years ago, is not a secret now. Let's take, for instance, data regarding army manpower, its armaments, or the defense industry production. Formally, this information is still a state secret, although it is discussed in the press, radio and television. The draft intends to maximally limit the scope of these regulations, very important, after all, for every country.

[Andziak] You were a member of the team that prepared the draft law. How does it differ from the previous one? Did you use experiences of other countries?

[Antoniak] The proposals are a result of many solutions, from retaining parts of the current law, to very liberal regulations that allow a court suit in case of a refusal to grant access to information that is a state or official secret. We did use legislative experiences of other countries in our work. In my view, the English and the Germans have developed the best system for the protection of secrets. Imitating them is not realistic at present because of financial reasons, since it would involve the creation of a separate service.

[Andziak] The draft says that a state secret is information the disclosure of which may jeopardize state defense or security, or its social and political interests. In fact, the definition is taken from the 1982 law in its exact wording, the only difference being that it does not cite examples.

[Antoniak] We purposely discarded this inventory, leaving it to the Council of Ministers to specify which information is a state secret, and to specify state secret clauses. The experiences of recent years indicate that secrets become outdated very quickly. Their enumeration in the law would create a need to initiate a whole legislative process in order to introduce a change when reasons for particular restrictions disappear. It is much easier to make corrections through decrees of the Council of Ministers. In order to create a uniform system

of treatment of state secrets throughout the country, the draft stipulates issuing a joint decree regarding this matter by the ministers of internal affairs and national defense.

[Andziak] According to the draft, an official secret is information that is not a state secret and that is obtained through professional work, service or elected function, the disclosure of which may endanger, among other things, the interests of state administration and territorial self-government, or legally protected personal interests of a citizen. Could you give an example of this type of secret?

[Antoniak] This may be the circulation of documentation in an enterprise, storage of documents, working methods, the archives system—matters unrelated to the proper service of customers. It may also be information regarding citizens, for instance, about their criminal records. Medical records are a case of a specific official secret.

[Andziak] Who may have access to information that contains state or official secrets?

[Antoniak] Access may be granted to people who have to perform tasks that are defined as secret and are within the scope of their duties. Such people must have exclusively Polish citizenship and full public rights. They must guarantee keeping the secrets, sign a statement of having read and understood official and state secret regulations, and sign a pledge to preserve the secrets. Naturally, people heading the state: the prime minister, heads of central offices, and ministers, will have access to state secret information by virtue of their offices. In turn, deputies and senators will be able to access such information to the extent that does not endanger particularly important state interests.

[Andziak] How long is one bound by secrecy requirements?

[Antoniak] State or official secrecy requirements are binding both during the time of one's employment, service, or elected function, and after it has ended.

[Andziak] When may one be released from the state or official secrecy obligation?

[Antoniak] The draft stipulates that, if other regulations do not rule otherwise, this release may be effected through procedures in courts and in such institutions as prosecutors' offices, revenue service organs, or citizens bodies with jurisdiction over minor offenses [kolegia].

[Andziak] Foreign experts and advisers have an increasingly larger participation in our economic life, and by virtue of their work have to access areas within the state secrecy requirement.

[Antoniak] The draft contains provisions for authorization of foreigners or Polish citizens with dual citizenship to access information which is considered to be a state or official secret when warranted by particularly important

reasons. Decisions in this matter will be made by an appropriate organ responsible for state defense or state security. Even though the treatment of secrecy is much more flexible now, it is difficult not to have the impression that, very often, there is a totally indiscriminate disclosure of information to foreign partners. Our firms reveal their weak points, "giving them on a platter," which, of course, has its effects in negotiations.

[Andziak] Certain restrictions, you must admit, have nothing to do with secrets. There are signs at railway stations forbidding photographs to be taken of buildings, while the same railway station building can be seen on a post card in the nearest kiosk.

[Antoniak] I agree. One may pass by a building a hundred times without noticing it until one sees a sign like that. Until recently, I have been told, there was even a sign on the walls of the Malbork castle that forbade the taking of pictures. That was totally absurd and without precedence in the world. Years ago the militia destroyed a film of a foreign tourist who took pictures of the Malbork castle. The incident created a diplomatic storm because there were also other pictures on the film. The draft law does not contain restrictions on photographing and drawing of buildings that fall within the category of state secrets. It will be possible to photograph railway stations and castles as much as one pleases.

[Andziak] Citing the secrecy law may be used to unjustifiably refuse access to information.

[Antoniak] It will not be so easy. The decree of the Council of Ministers defining state secrets will be published after all, and it will be easy to prove inconsistency.

[Andziak] What about archived materials containing information defined as secret?

[Antoniak] They will be released according to regulations regarding national archives and archive information. The British have worked out an excellent solution. They have introduced time clauses; after a specific passage of time they are automatically lifted. Our experience shows that clauses are easy to introduce, but difficult to remove. That is why under the current law, which goes as far back as marshal law, some clauses have nothing in common with reality. Until recently, army recruitment in gminas was considered secret. We still have secret offices in plants manufacturing vinegar and mustard because they were once militarized. In the last 10 years, the number of people allowed to access state secrets grew to about two million. In order to keep secrets secret that number has to be limited to the minimum. I expect that recommendations of the ministers of internal affairs and national defense regarding state secret legislature will make that possible.

Parliamentarian Democracy, Constitution Discussed

90EP0271A PRAWO I ZYCIE in Polish
No 9, 29 Feb 92 p 3

[Interview with Professor Wieslaw Chrzanowski, Sejm marshal, by Zdzislaw Zaryczny; place and date not given: "Grey Zone"]

[Text] [Zaryczny] In your inaugural speech, quoting Holderlin, you said, "Whenever man has wanted to transform the state into a heaven, the state has always become a hell." Whatever may be, the first 100 days of the new Sejm have not resembled the heaven promised by many politicians during the election campaign. At the most, it has resembled purgatory.

[Chrzanowski] Reality has never been only white or black; it is more or less colored; mostly grey. I think that is how this Sejm, two-thirds of which is made up of new people, is. These people have never had anything to do with parliamentarianism and are learning in the difficult conditions of a fragmented public life. Moreover, they were elected according to an election law that preferred fragmentation. And it is to this Sejm that the historical role of being the beachhead of parliamentary democracy when the socio-economic order remains caught in the past has fallen. In judging the first 100 days, one must see all the conditions and the whole complicated background of the first Sejm.

[Zaryczny] Am I to understand that your evaluation is positive?

[Chrzanowski] I do not claim that this Sejm is performing its functions well; it has, however, been able nimbly to surmount many, let say delicately, oppressions. The presidium of the Sejm was chosen quickly and with relatively little pain. We formed a government. There are various opinions about it, but it is and it is governing. We chose an ombudsman for citizens' rights and a president of the Supreme Chamber of Control. We adopted a temporary budget and changes in several dozen laws. That is probably no small amount?

[Zaryczny] There are various precedents. Recently, 16 deputies of various clubs demanded the removal of Deputy Marshal Henryk Bak because he allowed "a situation to develop in which the atmosphere in the chamber is beginning to cause damage to the reputation of the parliament."

[Chrzanowski] I would not make a tragedy out of that event. There will surely be mistakes in the conduct of the Sejm deliberations again. I do not believe in an ideal situation. This is a desire not so much to justify Deputy Marshal Bak as to remind people that using an exclusively dark line in drawing the picture of the Sejm sometimes is the result of a political game. In fact, something else worries me.

[Zaryczny] Namely?

[Chrzanowski] The influence that the announcement of a general strike, for example, still exercises on the atmosphere of Sejm work, the exploitation of social tensions and frustrations, etc. If a sense of responsibility does not win out, then these actions will complicate the political situation more than the lapses of the Sejm Deputies.

[Zaryczny] There is, however, another side to this medal: The vast majority of initiatives and political decisions are now prepared behind closed doors, in the cloak-rooms. There are maneuvers, auctions, negotiations of which the average deputy has no idea, much less public opinion, which is surprised by strange personnel changes and accidental alliances. The brief, but stormy history of the coalition of five is the best example of this situation.

[Chrzanowski] That is a characteristic of classic parliamentarianism; the most important decisions are prepared outside of the plenary session, in the clubs. In the chamber, discipline is binding, and one can calculate the outcome, although not always, in advance. Frequently, one observes a difference in positions within the clubs, even at the moment of voting.

[Zaryczny] As a result, the relation of forces in the Sejm is still only slightly readable, and some proposals, proposed laws, pass somewhat against logic. For example, groups, which can be classified as in opposition, voted for the adoption of the temporary budget.

[Chrzanowski] I am aware that mounting a real parliamentary majority is a difficult task for the government at present. Obviously, the cabinet of Jan Olszewski can count of certain groups. But the grey zone, borrowing a term from economics, about which no one knows finally how it will vote, is still decisive. I think that this phenomenon, peculiar to this Sejm, is associated with a minority government.

[Zaryczny] There is a solution: strengthen, broaden the governing coalition. Otherwise, Prime Minister Olszewski will not free himself of fears that the first motion of no confidence will cause the government to collapse.

[Chrzanowski] Not quite. The requirement in the regulations of an absolute majority is a great encumbrance, and in practice, it excludes arbitrariness in formulating such a motion. In this sense, the government protects itself to a degree. It can assume that the political forces which do not see another, better alternative will refrain from voting, permitting the operation of a certain order.

[Zaryczny] The election of the president of the Supreme Chamber of Control showed the current division of the Sejm into post-Solidarity and "inherited" groups. But the Alliance of the Democratic Left (SLD) and the Polish Peasant Party gained a sizeable percentage of the votes in the October elections. I will not mention the victory of the Democratic Union (UD).

[Chrzanowski] I have my doubts about calling it winning the elections.

[Zaryczny] What? Did the Democratic Union not gain the greatest support?

[Chrzanowski] Certainly, but if one compares the seats won with the predictions, then the situation appears somewhat different. Moreover, let us remember that there are states, for example, in Scandinavia, where one party wins the election with a much higher percentage of the vote than the Democratic Union in Poland did and a coalition of other, smaller parties forms the government. It is better to consider it a win when someone achieves much more than expected.

[Zaryczny] Are you thinking of your own party, the Christian National Union (ZChN)?

[Chrzanowski] Yes. The fact that the Christian National Union, without significant material resources won nearly 9 percent of the votes, gives one a feeling of success. Especially if one remembers, what we were shown, explained, etc.

[Zaryczny] The deputies of the Christian National Union who are the cheapest in the sense of their campaign costs, today play a key roll in the parliament and in the government. The Christian National Union (ZChN) has a marshal and four chairmen and 10 deputy chairmen of Sejm commissions. In other words, they control the Sejm.

[Chrzanowski] This "control" and key roll is, however, an exaggeration or rather a propaganda operation. Take the government, the prime minister is from the Center Accord....

[Zaryczny] but one says he is a "man" of the Christian National Union.

[Chrzanowski] One can say it. On the other hand, I know the prime minister well; we have been friends for years, and I know he is nobody's "man."

[Zaryczny] Looking from Wiejska, from the position of the Sejm marshal, what future do you predict for the government of Jan Olszewski?

[Chrzanowski] I do not like to predict; I have no talent for it.

[Zaryczny] But judging the tendencies that have appeared during the last days in the Sejm.

[Chrzanowski] The situation is such that on the one hand, I respect Prime Minister Olszewski. He is not the exponent of the interests of some one party or group. On the other hand, there is an awareness that finding a possible successor for the position of the government, although I do not believe in so-called irreplaceable people, carries with it a huge risk. Pay attention to the most recent surveys of public opinion. The prestige of the prime minister is growing; that of the government is declining.

[Zaryczny] That is probably a sign the government must be reorganized?

[Chrzanowski] To reorganize it or not to reorganize it. The prime minister can perform his mission regardless of the evaluation of the government as such.

[Zaryczny] The third peak of the Polish triangle of power is the Belweder. So far, cooperation by the president with the new Sejm cannot be a basis for optimism. The president's candidate for president of the National Bank of Poland did not go through; the proposal for the so-called small constitution, was not acknowledged; the veto of the newly adopted bank law was rejected. It is difficult to call these examples of fruitful contacts.

[Chrzanowski] You oversimplify. The "fruitfulness" of the contacts between the Sejm and the president are measured with a different measure. Parliament does not appear here as a unified "side." Parliament is an express of the entire complicated political life of the country. Insofar as the president does not take on the role of a politician who has his party, as for example in France, then it is only a question whether the president does not question the constitutional role of the parliament.

[Zaryczny] And that is not happening?

[Chrzanowski] No. That does not mean that the president cannot be critical of this or that measure of parliament, of the results of the voting, etc. But the criticism is based on full recognition of the jurisdiction of the legislative power.

[Zaryczny] The Sejm as a "law factory" is still far from normal productivity. The activity of the clubs in this area is sadly lacking. They are still occupied with personal questions.

[Chrzanowski] I do not think so. A number of proposals have appeared. It is only necessary to explain that there are some initiatives on a broader scale, for example, the Democratic Union has made a new proposal for an election law, but initiatives on narrower issues, for example, transferring the deadlines for competitions for directors of schools, etc., predominate. Substantively, these are well justified proposals. There is a fear, however, that if they were adopted, the law may be endlessly amended.

[Zaryczny] In your inaugural speech, you said that this Sejm will be the constitutional one above all.

[Chrzanowski] Yes. At the next session of the Sejm, the report of the Legislative Commission on the proposed method for work on the constitution will be presented. As you know, two proposals will be discussed: one of the Democratic Union and one of the Christian National Union. The third proposal of the Polish Peasant Party (PSL) concerns on the way of forming the Constitutional Commission. Speaking in most general terms, we must settle one initial question. Should the constitution be prepared in the previous way, and thus first a Sejm proposal, then Senate comments, then the Sejm, etc.? Or

should we create a new method, a single body, for example, a joint Deputy-Senate commission and then have the National Assembly, in other words, the Sejm and Senate combined, adopt the constitution, etc. with the possibility of holding a referendum?

[Zaryczny] Do you think that the Sejm will adopt a constitution this year?

[Chrzanowski] I do not know. In any case, it is capable of choosing in the next few weeks an internal body that will work on the constitution.

[Zaryczny] I ask also because this Sejm from the beginning is condemned to a short life.

[Chrzanowski] And still is. Some groups are inclined to hold elections soon; they assume that the polarization of views that we see will soon lead to a broadening of their influence, and perhaps even to them taking power.

[Zaryczny] And the Confederation for an Independent Poland (KPN), for example, does not hide this inclination.

[Chrzanowski] I hope, however, that such rapid elections will not happen in the near future. I do not wish to say that the Sejm will last its entire four year term. I am only concerned with a sober calculation of gains and losses. If the election were held in the Spring of 1991, prior to the budget abyss, the results would have been different. Today, a few months from that "bottom," which was temporarily tied to the elections, I do not yet see symptoms of a change for the better. The first attempt to overcome the impasse will be the "Proposal for Socio-Economic Policy in 1992" and a public discussion of the proposal.

[Zaryczny] What do you predict?

[Chrzanowski] If there is no collapse in the economic or social situation, then the order will probably be different. We are facing work on changes in the law on local self-government, and later, probably during the first half of 1993, elections to these self-governments. Then next, the question of parliamentary elections will appear. They will, I hope, find our political forces better organized and prepared. The parties went into the previous elections "on the march" and formed themselves only in light of the elections. At present, they are still transforming themselves; some are dividing, some are combining. And everything is happening at the parliamentary forum. These processes still require time; nothing can be forced to go faster.

[Zaryczny] After 100 days, you do not feel the sense of temporariness and a certain improvisation in the Sejm's work?

[Chrzanowski] I admit that from the beginning I have felt nothing of the sort.

[Zaryczny] Thank you for your comments.

KPN Congress Elects Officials, Sets Goals*AU0604100792 Warsaw RZECZPOSPOLITA in Polish
30 Mar 92 p 1*

[Article by Ewa Kaszuba: "The KPN Is Increasingly Energetic"]

[Text] The 350 delegates attending the fourth congress of the Confederation of Independent Poland [KPN] reelected Leszek Moczulski to the chairmanship with three votes against and three abstentions.

Article 40 of the KPN's previous statute permitted the KPN to dissolve itself at the next congress following the proclamation of the Third Republic, but the congress, which commenced on Saturday, 28 March, decided that Poland still needs the KPN. Thus, the congress resolved that the KPN will continue to exist and "perform its service for the good of the fatherland, people, and republic."

Opening the congress, L. Moczulski said: "Although the Republic of Poland is still a long way from the Poland of our dreams, it has nevertheless regained its independence, though not without difficulty. However, instead of building up the Third Republic, its main political forces are still engaged in renovating and reforming the Polish People's Republic. We still live within the old state structures and economy. The old style of government and former arrogance of the authorities still remain." Moczulski added that the KPN will change from an opposition party to a party that shoulders most of the responsibility for the country, for although the KPN deputies club is numerically the third largest club, in terms of parliamentary strength it is the largest club.

Nevertheless, Moczulski made it clear he has no intention of setting up a single-party government. "We earned our place in the Sejm and in Polish politics through our own efforts, and the Poles appreciate our place more and more," he said.

The KPN leader wondered whether 400 Sejm deputies ("I do not include the 60 deputies on the fringe," he said, referring to those deputies in the Alliance of the Democratic Left) would be capable of forming a majority that would guarantee political continuity. "If they fail, the KPN will insist on an earlier parliamentary election, which might even take place this year," he said.

Presenting the KPN's programmatic principles, Krzysztof Krol, member of the Presidium of the Political Council, said that the KPN is one of the few organizations that can claim to have implemented its political program. "The KPN has the strongest party structure in Poland. Its strength and organizational efficiency are turning it into the most energetic party in Poland, and the activity of the KPN among society is increasing all the time."

"The KPN's programmatic aim is to build up Poland by breaking with the past," said Krol. However, he described its political line as a creative independent

current that transcends the traditional divisions between right, center, and left. "The KPN," continued Krol, "views the state as an institution created by the citizens for the citizens. The aim of the economy is to create a system that guarantees the existence of both the state and society. Such a system should be created by transforming and restructuring Polish assets instead of eliminating them, even if these assets did originate in the People's Republic," said Krol.

During the working part of the congress, which was closed to the press, the KPN adopted a new statute and resolution, and elected new officials. Leszek Moczulski said that the congress is the most important part of the 100-day plan. Over the past three months, the KPN has kept a somewhat low profile and concentrated on internal issues. But thanks to its preparedness and internal organization, it can now launch a political offensive in any direction it chooses and adopt any form of action. Should mass protests or even a general strike occur (the KPN does not want to do anything that would accelerate these things because it considers them to be the worst possible method of action), the KPN will always be on society's side.

"Nevertheless, we hope that the greatest political struggle will take place inside the Sejm," said Moczulski. He said that the final phase of the 100-day plan will be the formation of something in the nature of a shadow cabinet at the beginning of April. Moczulski said that the congress would empower the newly elected Political Council to decide whether or not the KPN should join the government coalition. The Political Council will also say whether or not it would welcome the Democratic Union in that coalition. Moczulski admitted that at a time of dramatic social tension, the KPN does not rule out the possibility of a government of national salvation, which the KPN would join and which would unite 400 deputies in a single coalition. Even though such a government would be intolerable in the long run on account of differences of opinion, chiefly on economic issues, in the short run it could save the country from disaster, Moczulski concluded.

Reorganization of Political Administration Units**Working Group's Tasks Discussed***92EP0275A Warsaw GLOB 24 in Polish 24 Feb 92 p 4*

[Comments by Senator Jerzy Stepień, chairman of Working Group on Reorganization of Public Administration, as noted by "WKR": "Fundamental but Cautious Changes"]

[Text] On the course and term of the work and the nature of the group he heads:

There is some anxiety in the central and regional administration, often stemming from lack of knowledge about the powers of our group. We are involved with investigative work and definitive decisions are not in our hands. We are not working in haste. The proposed bills

will be reviewed extensively; no one will be surprised at them nor overlooked in discussions.

We want to submit by the end of February bills on civil servants and administration of the state treasury. If the government accepts them, let us say, by the end of March, then in the following month it will be possible to complete the legislative process.

At the same time we will be working on a concept for reform of regional self-government (including Warsaw), hoping to present the proposal by the end of May.

Meanwhile, we intend to submit a proposal for the territorial division of the country by the end of May or early June. Naturally, decisions will come down later.

On the boundary between administration and policy and the need for a political center of executive authority:

Until 1989 the Central Committee Politburo acted as the government, while the Council of Ministers subject to the Politburo's directives dealt only with administration.

Many Politburo members were also ministers, so they fulfilled political and administrative functions simultaneously. Although this political government has disappeared, the entire administrative structure has remained unchanged, while the government became and still is a commission for coordinating departments. Hence the dysfunction in the central apparatus and structures of authority. The Council of Ministers must become the government, the political center of executive power, in which strategic decisions are made. Today, we do not know but I believe we will be able to change this where the boundary between administration and policy lies. Evidence of this is the dispute over the nature of the position of secretary and undersecretary of state.

On separating the administration of public affairs from the economy:

The administration also fulfills the function of management for the state economy. And, of course, it does so badly. Bureaucrats have never managed an economy well. It requires managers. Therefore, the functions of asset management should be entrusted to specialized departments on the order of the already established Agricultural Assets Agency or the proposed National Property Assets Agency.

On personnel management:

All personnel transfers and rotations will be carried out extremely cautiously, with the realization that we live in

a poor country and must minimize costs. But also with the realization that every day of delay in reforming the administration is an increase in losses in those areas where it is operating irrationally.

One must remember that in the totalitarian communist state, two enormous administrations operated: the party's and the state's. And each had its own work. Elimination of the PZPR [Polish United Workers Party] administrative level was a powerful curtailment of the administration in itself. Personnel management must assume awareness of this fact and proceed very cautiously. No one can be wasted. We have already drawn a great deal of blood from the state administration and there can be no more upheaval in it, yet the evaluation of people's suitability must be carried out according to the criterion of competence.

Not having a nucleus of bureaucrats, we must create one, training candidates and retraining current bureaucrats. The group is developing this concept of training as well.

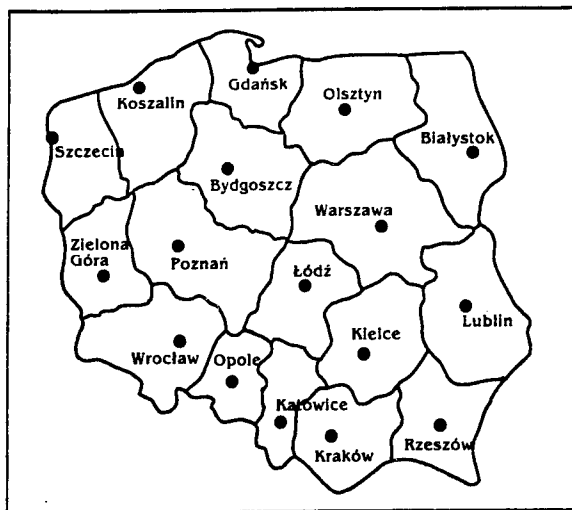
On powiats:

The territorial division of the country carried out in 1975, which established 49 voivodships and eliminated powiats, was wrong, beyond the shadow of a doubt. But the powiats could not be eliminated; they exist, but they do not have structures that embrace in a single whole the variety of departments that operate at the powiat level. Poland has always been powiat based—this is the most durable structure of our administration. I would even say that we have a powiat mentality. So if we want to change that mentality, let us start from the powiats.

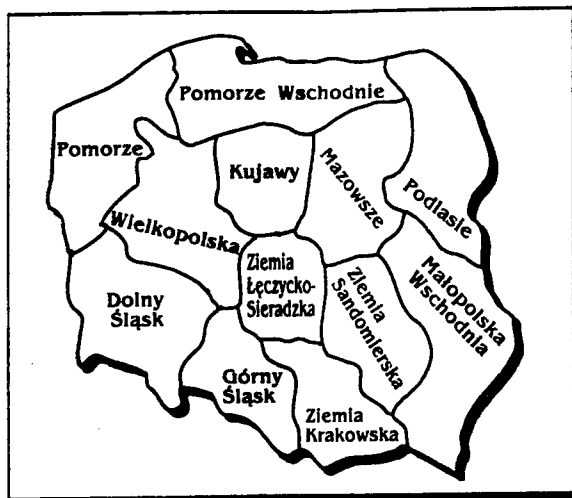
They will probably be self management government units that will replace the current regions whose offices are often in conflict with self management units. The group will define the functions, number and territorial division of the powiats.

On the voivodships and deviation from the current notion of autonomous regions:

There are many voivodships and they have obscure functions and boundaries that are often contrary to rationality in administration, management, tradition, and culture. We will probably adopt the notion of creating large, economically strong voivodships. The secretary of the German embassy, Dr. Kirsch, visited me recently and asked whether we had really thought through the concept of regions—of "Polands" [referring to the German *laender* system]. I responded that in Poland there have never been voters who elected an emperor.



Administrative divisions in Poland before Gierek's reform in 1975. This is the point of departure for the currently prepared proposition. The establishment of 15-20 voivodships is foreseen.



The out-of-date draft of territorial divisions according to Lech Mazewski (of the circle of Gdansk liberals), adviser to former prime minister J.K. Bielecki.

UD Proposes 'Powiat' Self-Government

92EP0275B Warsaw GLOB 24 in Polish 24 Feb 92 p 4

[Article by Marek Kupis: "Powiats According to the Union"]

[Text] More than a month ago, Prime Minister Jan Olszewski charged a special group under the direction of Senator Jerzy Stepien with preparing reforms of public administration. One of the elements of the "revolution"

was to be the restoration of powiats, eliminated in the 1970s. An initiative by the Democratic Union [UD], which has prepared a bill on powiat self-government, evoked even greater astonishment. The bill has been signed by deputies of virtually all parliamentary clubs. UD members says that one of the consultants was Senator Stepien, who apparently talked exclusively in superlatives about the bill.

"Clashes in the government may make the work of Senator Stepien's group more difficult; hence our getting ahead of the reforms. After all, time is one of the main political factors in Poland," explained Deputy Jan Maria Rokita of the KPUD's [Parliamentary Club of the Democratic Union].

In the opinion of the bill's authors, the institution of powiat self-government, as another level of self-government, is a prerequisite for a durable and proper resolution of the financial and jurisdictional problems of regional self-government units and the conclusion of their reform.

The powiat is to be a supra gmina self-government community and the Council of Ministers is to establish, maintain and unite them (after coming to terms with the interested gminas and sejmiks [local legislatures]). Among the powiat's exclusive responsibilities are postelementary education, special education, health care, construction, powiat road maintenance, the supply of water, electricity and heating fuel, the organization of sanitation services and construction of waterworks, grounds maintenance, and the organization of local police. The powiat will be able to conduct economic activity, including the creation of powiat savings accounts.

The powiat council is to be the controlling body of the powiat, to be chosen in general elections for four years. The head of the powiat will perform executive functions and will be elected from among the members of the powiat board, which is appointed by the council from outside its company. One basic function of the council will be approval of the powiat budget and property policy, i.e., determining taxes, issuing securities, and negotiating loans.

The bill anticipates that powiat residents will be able to be heard on every important issue by way of referendum. The council will entertain a motion on such a matter on its own initiative or on the motion of one-tenth of the number of residents. The council may be recalled by referendum, but the motion must be offered by at least 30 percent of citizens eligible to vote. A referendum decision becomes effective when one-third of eligible voters have participated in it.

The prime minister and voivode are to exercise control over the powiats, while in financial matters, it will be the regional accounting chamber.

The bill, supported with signatures of deputies from the majority of clubs, has a good chance of "passing"

through parliament. However, the question of how the government will approach the concept remains. Apparently, Senator Stepień would like to create on its canvas a package of laws that would revolutionize the structure of the state.

Dual Functioning Parliamentarians

92EP0275C Warsaw GLOB 24 in Polish 24 Feb 92 p 4

[Statement of Minister Wojciech Włodarczyk, minister, chief of the Office of Central Planning, to GLOB 24, compiled by (wkr): "Expensive Officials"]

[Text] Many high officials—and you are among them—join executive functions with their deputy's or senator's mandates. For the good of public affairs, should they not resign either from their administrative office or their mandate, which requires a constant presence and intensive legislative work in parliament?

In the position I hold, which is associated with making policy and the need to participate in it on a daily basis—the fact of joining functions is perhaps not so important, although it is certainly worthy of consideration. On the other hand, in the case of the lower bureaucratic levels, the issue is more complicated. Generally, I am in favor of separating executive from legislative power. I have even had a conversation on this subject with Marshal [speaker of the Sejm, lower house of parliament] Wiesław Chrzanowski, to determine, among other things, the consequences and costs of recalling an official sitting in parliament. The costs are high, because the official, at the same time a deputy or senator, has certain rights protecting him in the event of dismissal. This constitutes a great burden on the state treasury. I believe that all in all this is not a healthy situation, but neither I nor the government will change it. Ultimately, only parliament can.

1. Voivodes in the Sejm: Krzysztof Tchorzewski (Citizens Center Accord [POC]), Siedlce; Antoni Tokarczuk (POC), Bydgoszcz.

2. Deputy Voivodes in the Sejm: Józef Fraczek (Peoples Accord [PL]), Rzeszów; Aleksander Usakiewicz (Catholic Election Campaign [WAK]), Białystok.

3. Voivodes in the Senate: Jarosław Kaczyński (Christian Democratic Party [PChD]), Zielona Góra; Waldemar Bohdanowicz (WAK), Łódź; Andrzej Czapski (Liberal Democratic Congress [KLD]), Białą Podlaską; Jan Musiał (POC), Przemyśl.

4. Deputy Voivodes in the Senate: Józef Borzyszkowski (Kashubian-Pomeranian Union), Gdańsk; Waclaw Bartnik (Democratic Union [UD]), Olsztyn; Zbigniew Pusz (WAK), Gorzów Wielkopolski.

Office of Council of Ministers Profiled

92EP0275D Warsaw GLOB 24 in Polish 24 Feb 92 p 4

[Article by (WKR): "The Superministry"]

[Text] From the moment the Office of the Council of Ministers [URM] was created, it has been a turbulent institution, with rather obscure responsibilities, except for superior powers over regional government administration and duties associated with services to the prime minister and government. It became a superministry during the times of Gen. Michał Janiszewski, a close comrade of Gen. Wojciech Jaruzelski, when, as head of the URM, by virtue of his being in the premier's circle, bossed other ministries and ministers and staff from central and voivodship offices.

The ministry's standing depended to a great extent on the position and personality of its head at the time: It achieved a very high rank under the rule of attorney Jacek Ambroziak and *political* minister [as given] Aleksander Hall (Tadeusz Mazowiecki's group), and a lower rank in the days of Krzysztof Zabiński who, it appears, had minor influence on personnel policy centrally and regionally. Minister Włodarczyk, who has worked for several years with Jan Olszewski, a minister of a distinctive political hue and clear independence—may restore to the URM its primary importance, at least until the time that a mega-office is established: the Ministry of Public Administration.

Two offices justify the URM's existence—the Office of State Administration Affairs and the Office of Regional Self-Government Affairs—as well as the government secretariat including the Press Office. Other units (offices, groups, secretariats), most often established under the pressure of immediate social and political, facts could just as well be in other departments or be subject to dissolution. This is because the URM also covers Soviet troops in Poland, women and family issues, integration with Europe, international economic relations and foreign aid, as well as village development and property conversions. It employs 618 people, 591 of them full time. Its budget is 100 billion zlotys.

It has been proposed that the state treasury be placed in it after its conversion into the Ministry of Public Administration. That is an unfortunate idea, contrary to the civilized principle of separating the functions of public affairs administration from management of state assets, which are enormous here. In the Western democracies, state asset functions are carried out either by a separate institution (the Fiduciary Office in Germany) or an appropriate structure in the finance ministry (Italy) or in a ministry of finance and economy (France).

The nonfunctional structure and indistinct identity and powers of the office of the Council of Ministers became particularly burdensome after the introduction, albeit rather half-hearted, of reforms in self-government and state administrative structures. The idea of establishing a Ministry of Public Administration emerged, which at the twilight of the liberals' governments took on the form of a law. The current government accepts most of the solutions of that law, but it rejects the proposal to

eliminate the Ministry of Internal Affairs [MSW] (Minister Włodarczyk proposes that the new ministry take on only *the prominent part* of the MSW's powers).

The new office is to unite in one decisionmaking center those state administrative functions with responsibilities involving internal security, which is essentially a reversion to the prewar situation. The ministry would include the fire department, border patrol and part of the structures and duties of the state police, and undoubtedly control over the police departments of self-government units (of the *voivodships* and *powiats*). Creation of the MAP [Ministry of Public Administration] would expand the powers of the *voivodes*, and these two facts would become reality most probably at the moment the new administrative division of the country is introduced.

The liberals' intention was to distinguish from MAP the Office of State Security [UOP] (espionage—counterespionage) and subordinate it directly to the president of the Council of Ministers. But now it appears that Minister Antoni Macierewicz and the Christian National Union will defend the MSW's right to the UOP (the judgment of bureaucrats and the files of SB [Security Service] collaborators!), although the nature of the service's operation usually conflicts with the nature of the police. For both institutions move in different areas: The police in the sphere of public safety and the UOP—along with the defense department—in the sphere of "state security."

Post-Communist Left Role in Coalition Debated

92EP0255A Warsaw *RZECZPOSPOLITA* in Polish
4 Mar 92 p 3

[Article by Aleksander Hall: "Alliance of the Democratic Left: A Party Like Any Other?"]

[Text] Attitudes to parties descended from the PZPR [Polish United Workers Party], that are allied at present in the SLD [Alliance of the Democratic Left], have become a subject of an important political debate. Its course may seriously affect the shape of the political scene in Poland. It, therefore, merits consideration.

The camp descended from the PZPR has a major potential at its disposal: A disciplined electoral base which enabled it to create the second largest parliamentary club after the last elections; enormous influences in the trade union movement of the left orientation; a strong, in terms of Polish conditions, economic base; and personnel that are well prepared to take an active part in the political and economic life. No wonder politicians are asking the question: How to deal with the left? It appears that there is a growing approval of the opinion that this formation should be included in constructive work for the state, or that, at least, its opposition to the direction of political and economic reforms should be neutralized.

President Lech Walesa has become a recent proponent of this way of thinking by declaring the need for the "thick line" and the indispensability of the so-called left leg.

The Democratic Union has come up with an idea to create a government coalition from all the parliamentary parties, that is, without an absolute exclusion of the Alliance of the Left. Recently, in *RZECZPOSPOLITA*, Piotr Nowina-Konopka expressed a conviction about a need to drop a curtain behind the past and to stop dividing parties into better and worse. Even the hurrah-independence and anticommunist KPN [Confederation for an Independent Poland] leader has entered into an almost steady tactical alliance with the post-communist left when fighting with the budgetary rigors.

All these actions lead to the lifting of the political isolation of the Alliance of the Left and to its stronger position in the parliamentary game. I do believe this is a serious error. The SdRP [Social-Democracy of the Polish Republic] should remain in political isolation, together with its allies. It is much too early to lift the quarantine.

I would like to be understood correctly! I am definitely against decommunization, understood as a curtailment of civil and political rights of any persons just because they belong to a Marxist party. I moreover believe that full freedom of activity for the parties descended from the old system is an important measure in evaluating the authenticity and depth of democratic reforms implemented by the old anticommunist opposition.

I am against simplifying our recent history and ignoring the evolution that the Polish communist system had undergone, from the murderous totalitarianism of the Stalinist era to the deteriorating authoritarianism of the late eighties. I also acknowledge the unquestionable service of many people of the system to the process of the bloodless transfer of power to the democratic forces in the years 1988-90. I also see the internal differences within the Alliance of the Left, and I do not mistake Mr. Tomasz Nalecz with Leszek Miller. With all that in mind, I am definitely for the political isolation of the Alliance of the Left, and I do not accept a "dropping of a curtain behind the past."

The first argument for the adoption of this stand I would call ethical-educational (which does not mean devoid of serious political consequences).

The Social-Democracy of the Polish Republic, which constitutes the core of the Alliance of the Left, is a direct continuation and an heir apparent of the PZPR [Polish United Workers Party], which was a party responsible for the decades of policy that brought civilizational degradation and severe moral harm to the nation. SdRP activists have never settled accounts with the PZPR past. On the contrary, they stand up as defenders of its actions and, more and more often, demonstrate their self-satisfaction and arrogance. Right now, the Polish society is paying a very high price for having to overcome the inheritance of real socialism. It has, therefore, a full right to demand clear moral and political options, and clear demarcation lines. This is particularly important in view of the deep damages to authority that public political

rivalry had caused in the last two years, and its contribution to the image of politics as a dishonest game, in which only power counts. It was no more than three years ago that the PZPR enjoyed its dictatorial power. Not enough time has passed to declare, right after the first free parliamentary elections, that the postcommunist formation is a party just like any other, and to contemplate its participation in the government, together with parties rooted in the anticommunist opposition and in the Solidarity movement.

We are experiencing social tensions, and will unfortunately experience them for a little longer. They tend to produce antiparliamentary politicians who try to direct people's discontent against the whole political branch and present it as only seemingly differentiated, while in fact it is a group bound by a common interest, and a clique is its true name.

It is easy to imagine how much larger the playing field would be for a new (or perhaps old) Tyminski, if state responsibilities were bestowed on a government founded on all the parliamentary groups, or on a government coupling the former Solidarity camp with the recent communists.

The second argument for the political isolation of the Alliance of the Left is the following: In a democratic system, those aware of their responsibility to the state may not promote cynicism and demagoguery. Nevertheless, this was exactly the stance of the left in the election campaign and this is its stance in the Sejm today. We can see it in their support for all possible revindications, in stirring up nostalgia for a protective state and resentments to the Polish middle class, which is being formed with great difficulties, and to foreign capital, which is so badly needed.

In SdRP propaganda, the times of the PRL [Polish People's Republic] are more and more ostensibly presented as the times of prosperity, in which the working people's rights were respected, while the political camp that took power in 1989 is the creator of Polish poverty, unemployment and civilizational breakdown. This method of operation, propagated by part of the leftist press, is carried out proficiently, leading to disorientation in the society, and to a rise of aggression and nihilism. The politics of the SLD leadership do not deserve deliberations on how to overcome its isolation, but a radical rejection. Democratic politicians who are stretching out their hands towards the left give evidence of weakness and lack of imagination.

Parliamentary elections closed the historically irrevocable chapter of the "roundtable," in which the forces of the new and the old order had to work together. Since the free elections, the political formation that grew out of the PZPR should mean exactly as much as it was accorded by its voters. Nothing more. It has to go through a long quarantine, which will give it an opportunity to square up both with its own past, and with the current political method.

I would advise Polish democratic politicians to consider the Italian example. The Italian Communist Party, the second largest party in the country, has had enormous influences in the society, has governed in many cities and regions, and at least until the end of the sixties had distanced itself many times (contrary to the PZPR) from the Marxist orthodoxy and servitude to Moscow. In spite of this enormous potentiality, the Italian Communist Party, similarly to the neofascist movement, has remained, by the will of democratic parties, outside of the rather unstable government system of the Italian Republic. I do believe that Italian politicians: Christian democrats, social democrats, and liberals, have made the right decision, morally and politically. A similar decision is needed in Poland. Decommunization in our country does not have to mean more. It may not, however, mean less.

Army Daily Analyzes Military Spending

AU0604142692 Warsaw POLSKA ZBROJNA in Polish
30 Mar 92 pp 1, 2

[Article by Ryszard Choroszy: "Cheap Defense"]

[Text] Following the latest budgetary adjustments made by the Council of Ministers, military spending in 1992 will total 23.775 trillion zlotys [Z], 1.8 percent of Poland's gross national product. This is 11 percent less than last year, when military spending accounted for 5.9 percent of all budget expenditures.

This military budget is not a survival budget. It is quite simply all the country can afford. Current income from taxes, customs duties, and fixed assets, after taking into account the Z65.5 trillion budget deficit, does not permit a higher budget. This is the reality of an economy undergoing systemic changes. The restrictions apply to the entire budget sphere, for the needs of the army and police, to say nothing of education, the health service, and culture, are far greater.

The greatest amount of money out of total defense spending will be spent on personnel, Z15.506 trillion. It is reckoned that the Polish Army will consist of 90,950 professional soldiers, including 1,000 on contract. The budget allows for these figures. But in addition, there will be recruits undergoing compulsory service (over 120,000), trainees wanting to become professional soldiers (10,500), reservists (3,850), and soldiers who have extended their service (4,000). The military budget also allows for 106,000 civilian employees.

All army soldiers and officers, trainees, and employees receive regular pay and pay taxes, including to the Social Insurance Fund. A sum of Z9.560 trillion has been allocated for all this. Food, clothing, and health care are expensive. Food alone is going to cost Z1.4 trillion. Over 2.8 trillion is going to be spent on accommodations, including maintenance costs and housing allowances. All this is included in the category of personnel costs, which will take up 62 percent of 1992 defense spending.

People are more important than objects, for it is easy to buy a new piece of equipment, but it is difficult to train an officer or a technician. This is a question of money in the first instance, and time in the second instance (at least a couple of years).

We know what the material situation of military cadres is. Does the draft military budget permit an improvement in moods? The answer is yes, because average monthly salaries in the budget sphere are to increase by about Z930,000. Some Z2.243 trillion has been set aside to finance pay raises for the 201,300 people employed in national defense.

These pay raises will be implemented as of May 1992. This is still a draft budget, but unless the Sejm adopts a different budget by the end of March, which is unlikely because the first reading of the budget is due early in April, the government must act in accordance with the previously accepted regulations.

The next item on the military budget is training and the use of technical equipment and buildings, Z4.447 trillion. The costs directly connected with training is only a small percentage of this figure, the rest taken up by the use of equipment and buildings. Even if we only consider the costs of training and exercises, one must include the costs of transportation, food, and ammunition. An accurate breakdown of military spending is impossible without the creation of a uniform system of logistics. The army's current structures are not suited for a modern army, and therefore a restructuring of central Ministry of National Defense structures is envisaged.

Some Z1.149 trillion has been earmarked for the maintenance and refurbishing of buildings, the prime purpose of which is to safeguard the standard of living of army personnel and thus ensure the army's efficiency.

Spending money on environmental protection when there is little money in the first place is quite justifiable. High fines are payable for polluting the air, soil, and water. The installation of filters and boiler repairs soon pay for themselves. However, money is required for this purpose, so there will be subsidies out of the budgets of voivodships and rural areas, in addition to which application has been made to the Finance Ministry for a loan from the recently created Environmental Protection Bank.

The refurbishing and renovation of heat-generating facilities at the National Defense Academies at Kazun and Modlin will be continued this year, and Z40 billion will be spent on stage two of the modernization of the Central Clinic Hospital in Warsaw.

Some Z2.8 trillion has been earmarked for the purchase of weapons and equipment. In real terms, this is two-thirds of the amount spent in this area last year. The acquisition of brand new equipment is not to be expected, because there is still Z1 trillion to pay for 1991 deliveries, and once this sum is paid, there will only be a few hundred billion zlotys left, most of which will be

spent on keeping present equipment in good combat condition. In the sphere of transportation alone, thousands of tires and batteries are exchanged every year. These are constant expenses.

Some Z450 billion has been earmarked for research, primarily on the modernization of command systems, radio equipment, communications, and weapons systems. This is all we can afford. It is necessary to improve what has already been tried and tested, at least on a European level.

The next item on the list of military spending is capital spending. The financial cuts here are the biggest of all. The Z894 billion earmarked for this sphere is only half of last year's figure. This modest sum will be spent primarily on the construction of new accommodations. No new projects are envisaged, and most of the available resources will be used to complete projects that were started earlier. The most optimistic scenario calls for the completion of over 1,000 apartments for military cadres, most of them in Warsaw. Some Z250 billion will be spent on this.

Many of the people I spoke to said that when undertaking capital spending or placing orders, the most important thing is a regular influx of funds. One cannot have a situation like last year, when 40 percent of the funds earmarked for investments did not arrive until December, and the contracts had been signed much earlier. Contractors charge heavy financial penalties for delays in implementing contracts, which undermines confidence in the army as an institution that enjoys the greatest social esteem.

Should the state budget income fall below the level foreseen, the Defense Ministry envisages many austerity measures, including laying off several thousand army employees, alternative methods of financing recreation, and cuts in medical services. Some army accommodations could be sold to pensioners.

All these undertakings are meant to restrict essential spending to a minimum, without affecting training and the functioning of the Armed Forces. This year's budget makes these austerity measures essential. Many people claim that the army's role is to offer defense services for the benefit of society. There is no doubt that the costs of these services in Poland are among the lowest in the world.

Special Economic Zone for Lower Silesia Examined

92EP0293A Warsaw GAZETA WYBORCZA in Polish
9 Mar 92 p 4

[Article by Adam Gierak: "Walbrzych: Special Zone"]

[Text] The voivode and president of Walbrzych demanded the creation of a special economic zone in the Lower Silesian basin, in a conversation with the prime minister last week. The prime minister assured them that

subsidies for Walbrzych region mines will be maintained until 1995, and promised the creation of a system of social support for miners laid off from work.

In the next two weeks, the Walbrzych voivode told GAZETA WYBORCZA, that Walbrzych government is to present to the government a list of legal acts which hinder them in the restructuring of the region.

In the next few years, bituminous coal mines in Walbrzych Voivodship employing 20 thousand people will be closed. The preparations begun two years ago have reached a deadlock.

In the Lower Silesian basin, they count on being able to form a special economic zone with the help of new legal regulations. This would encourage entrepreneurs to invest right here.

In his conversation with Walbrzych's voivode and president, Prime Minister Olszewski promised that he would "urge on his ministers" to take care of matters related to the creation of a system of social support for miners laid off from closed mines as quickly as possible. Above all, this means making it possible for miners to go into early retirement. Union leaders at the Thorez, Walbrzych, Victoria, and Nowa Ruda mines have been trying for this now with their third government.

The prime minister also assured them that subsidies for the excavation of coal in Walbrzych Voivodship will be maintained at their present level (around one trillion zlotys annually) until 1995. If the mines are able to save something from that sum, it will be earmarked for the creation of new jobs in the region.

Wojciech Wlodarczyk, chief of the Office of Council of Ministers, is to be responsible for the transformations in Walbrzych Voivodship.

UNIDO Promotion Efforts in Poland Described

92EP0284A Warsaw RYNKI ZAGRANICZNE in Polish No 26, 29 Feb 92 p 8

[Article by Malgorzata Mleczkova: "UNIDO: Valuable Intermediary"]

[Text] An office of UNIDO, the United Nations Industrial Development Organization, has been operating in Warsaw since 1983. It was the first such office of this respected, internationally significant institute in our country. UNIDO serves as intermediary in the establishment of contacts which, it is presumed, will later bear fruit in economic cooperation between willing enterprises all over the world.

At the beginning of its operation, UNIDO's Warsaw bureau was to be involved in the promotion of Polish industry in Third World countries. Today, it performs much wider tasks. The different economic and legal conditions, as well as the ongoing restructuring and privatization of Polish industry meant that the interest

of domestic economic representatives in establishing contacts with foreign partners has grown.

The bureau's activity is, in a way, on two tracks, consisting of promotion both internally and externally, beyond Poland's borders. Among other things, a wide-ranging operation to publicize Polish propositions for cooperation abroad, and to put together as long a list as possible of foreign offers of cooperation with enterprises in Poland. In order to achieve this goal, trustworthy and current information is needed. Therefore, an information bank of cooperation offers from both sides has been created in the Warsaw office of UNIDO. There are now over 1,200 offers in that bank, more and more of them with professional advertising material complemented by films, from Polish enterprises.

An information bank called a computer data base on privatized enterprises is also in the final stage of creation. The information contained in it is shared free of charge. In Poland, this information goes to the appropriate ministries, and to some voivodship administrations. Outside the country, embassies, trade counselor bureaus, and regional governments in some countries are interested in this information. It is noted in the agreement that information should be supplied in return, also free of charge.

The question of actual results of such activity arises. It is a fact that more and more potential foreign partners find their way to the UNIDO office in the capital. There, they receive a compendium of current knowledge on the subject of investment conditions in Poland, and present legal, tax and other regulations. They also are given the opportunity to choose an appropriate Polish partner, and receive a packet of information about that partner. It must be added that the expectations of both sides complement each other rather well. Polish firms have the buildings, the land, and some of the machinery, and have access to raw materials. They need, above all, capital, modern technology, and a market where the manufactured product can be sold.

The bureau's employees cannot easily speak of actual overall effects. They are, it is true, the introductory connecting link between two firms interested in conducting joint business, but they do not take part in later discussions. They do request such information, but the request is, of course, not always respected. One can say with a clear conscience, however, that many contracts have been signed, and many joint venture corporations formed, as a result of the bureau's activities as described in nine years of operation.

Every year, the bureau's work is broadened to include new forms of promoting domestic enterprise. For example, last year three industry-wide meetings were organized between Polish enterprises and foreign firms. The Polish-American Investors' Forum took place in June. 44 firms from the USA, and 76 Polish firms, took part. About 300 meetings took place; in a third of these, the discussants expressed willingness to continue initial

negotiations. In October, Polish and foreign representatives of the food processing industry met at the Polagra Forum. Interested entrepreneurs from 14 countries attended; 62 Polish firms were also represented. This resulted in 160 meetings, of which more or less 60 percent were to lead to further discussions.

The third forum promoted construction and the construction materials industry. In this case, Polish entrepreneurs connected with this sector were asked to prepare their own offers of cooperation with foreign capital. There was enormous interest, but it turned out that willingness does not always go hand in hand with abilities. The development of projects for mutual economic contacts, professional business plans, and [evaluations of] development opportunities with foreign support presented great difficulties for domestic factories. Employees of the UNIDO Warsaw bureau therefore traveled to these factories and developed, together with enterprise representatives, the principles and premises of future cooperation.

In the Construction Investors' Forum, thus planned, 60 firms from Western Europe, the USA, Canada, Japan, and Australia took part. Seven letters of intent were signed by Polish and foreign partners; this is apparently an exceptionally rare occurrence at such an event. Interest in continuation of discussions was expressed in many other cases. The Italians and the French turned out to be the most successful; the Americans were the most cautious.

On the basis of their own observation and experiences, the employees of the UNIDO Warsaw bureau say that three years often must pass from the first meeting before a contact finds reflection in an effectively operating Polish-foreign partnership.

If only the measurable effects of UNIDO's mediation were known.... Though in fact, the matter does not lie in statistics, but in skilled promotion of the opportunities of the Polish economy. At any rate, representatives of foreign capital find, in the UNIDO bureau, a serious and competent source of information.

Privatization Chief on Achievements to Date

92EP0280B Warsaw GAZETA WYBORCZA in Polish
27 Feb 92 p 11

[Interview with Minister of Privatization Tomasz Gruszecki by Pawel Wujec and Wojciech Zaluska; place and date not given: "I Prefer To Sell to a Pole"]

[Text] [GAZETA WYBORCZA] At one time the government says that privatization will be slowed down, yet another time it says that privatization will be speedy and that within three years, 50 percent of industry will be in private hands. What does all this mean?

[Gruszecki] We must privatize rapidly, but first we must get things in order. Let me give a very simple example. Currently, transactions take place at three different

spots: a land title is purchased in one place, the purchase is approved in another place, and payment is finally made in yet another place.... We cannot privatize in the same chaotic way as we did until now, for this will lead to catastrophe.

[GAZETA WYBORCZA] How do you yourself envisage the "acceleration" of privatization in an atmosphere of the campaign waged against privatization, which, moreover, has been stirred up by the government itself?

[Gruszecki] I expect that, thanks to the program of universal privatization, we shall finally succeed in drawing society into this great effort. Above all, however, Jan Olszewski's government must win society's support for the reform. Without such support, privatization will be blocked. Two years ago, the Mazowiecki government made a big mistake. It sent a signal to society not to get involved in the reform because the reform dealt with complex issues to be left to the specialists. Thus, people did not take part in the reform, but waited for results. Hence today's resistance to change, the market economy and privatization.

[GAZETA WYBORCZA] Are you saying that the resistance to change is the result of actions of some sort taken by the Mazowiecki government? You must be joking, Mr. Minister. Why, the Olszewski government itself is at fault. The parties which are now in power provoked the campaign against privatization during the election campaign.

[Gruszecki] One should not generalize, for the campaign was also conducted by groups which are criticizing the present government very severely.

[GAZETA WYBORCZA] You claim that society's confidence may be gained by the establishment of privatization procedures which will make possible the control of privatization. Will that settle the matter?

[Gruszecki] Until now, all negotiations have ordinarily been conducted in strict secrecy. Then, when a transaction was signed, the cry came out in the press that this is nonsense, a sale for paltry sum. Meanwhile, it is too late to criticize after an agreement has been concluded. Of course, I cannot conduct negotiations on television, but procedures must be established to make it possible for a Sejm commission, for example, to control what I am doing. In this way, the privatization process will be apparent and I will gain society's trust.

[GAZETA WYBORCZA] And you will make decisions with greater ease, for if a mistake is made, you will be able to lay blame on someone else.

[Gruszecki] Officials must be comfortable about making decisions, for otherwise they will continue to fear making decisions in precedent-making situations and everything will move along at a snail's pace.

Moreover, my being at ease in this situation does not mean laying blame on others; it means reducing the possibility of making mistakes. Procedures are a life and death matter.

[GAZETA WYBORCZA] In other words, the Olszewski government will set the privatization scene and then those who come after you will accelerate privatization.

[Gruszecki] You give us very little time.

[GAZETA WYBORCZA] Let's say, a year.

[Gruszecki] In the United States they speak of the president's first 100 days. I expect the government to find solutions to major problems within six months. If this does not succeed, we shall have fewer and fewer opportunities as time goes on.

[GAZETA WYBORCZA] You want to accelerate privatization. At the same time you say that "we must break with dependence on foreign capital." Then where are we to get the capital to make possible this acceleration?

[Gruszecki] The assumption that privatization should be based on foreign capital was a naive one. We are in a position to sell Western investors only several dozen really good enterprises. Privatization by means of liquidation can bring about true acceleration. In order to find a purchaser under recession conditions, often the whole constituted by an enterprise must be broken up and sold in pieces. But foreign capital is not going to purchase cranes, for example.

[GAZETA WYBORCZA] But the sale of large enterprises is supposed to bring in the greatest income to the budget.

[Gruszecki] Obviously, I will not hold up such transactions. But the point is not to attract one guest a year who will give us \$10-20 million, but for many people to emerge who are ready to invest in small and mid-size enterprises.

[GAZETA WYBORCZA] Do you want to sell enterprises to Polish businessmen? With the recession going on, why should they buy them?

[Gruszecki] Until now, Polish capital has been focused on trade and the financial system. I want to create mechanisms to ensure that people will withdraw the money they have in the bank and will invest it in industry.

[GAZETA WYBORCZA] That is merely a slogan. How will it be put into practice?

[Gruszecki] We must maintain a hard anti-inflation policy and create greater potential for getting credit; a real labor market must come into existence. At present our situation is the following: Unemployment is increasing statistically and managers from the private sector are complaining that they are having difficulty finding employees.

[GAZETA WYBORCZA] Are you not afraid of dishonest partners?

[Gruszecki] Of course looks can be deceiving. But I prefer to be accused of selling a factory to a domestic investor at a reduced price than to be accused of selling national assets to foreigners.

[GAZETA WYBORCZA] Do you prefer an Asian investor to a Russian one?

[Gruszecki] It seems to me that society will more readily accept a mistake in a transaction with a domestic investor than with a foreign investor. Besides, the "Bag-sik-Bogatin" syndrome is not at all typical for investment in the Polish economy. It is a marginal phenomenon.

[GAZETA WYBORCZA] You say that you want to attract businessmen. It seems right now that Olszewski wanted to win over the trade unions, above all. Wouldn't this be like tying a big ball to one's leg, which would make it difficult to move?

[GAZETA WYBORCZA] We must talk with the unions, for a lack of understanding with them will lead to destabilization.

[Gruszecki] But how do you want to win over enterprise employees to your side—by increasing the pool of stocks designated for them, by giving them greater preferences, or simply by repeating that the government loves the working class and does not want to deceive it?

[GAZETA WYBORCZA] We are working intensively on an updated law on privatization and on several other laws. To date, the government has treated the law on privatization just as Solidarity treated the law on the state enterprise and the workforce self-government following martial law, i.e., Solidarity thought it was better not to touch it because if someone wants to change it, this will only do damage to privatization.

But this law is not a sacred cow and it must be changed regarding several matters, for it is sometimes inflexible and sometimes imprecise. We would like, among other things, to introduce changes which would make it possible for employees to purchase a larger amount of stock on favorable terms (for example, instead of selling them 20 percent of the stock at half price, we would give them 10 percent gratis).

[GAZETA WYBORCZA] You were a great supporter of the previous privatization minister, Janusz Lewandowski. Now that you have become head of the ministry, you severely attack him.

[Gruszecki] I am still a fan of Lewandowski's, for he is, above all, the author of the first, revolutionary program for universal privatization in Europe. But he lacked a strong hand in the ministry.

[GAZETA WYBORCZA] You criticized the privatization of Wedel, Polkolor and Alima. Meanwhile, Lewandowski considered these transactions to be some of his successes.

[Gruszecki] During my first month in office, I handled transactions which had been concluded with a lot of hoopla and which are now problems for us. Instead of going forward, I am the one who has to clean up the mess after the party.

[GAZETA WYBORCZA] But when you announced the renegotiation of one of the agreements, the price of Wedel stock declined on the market and many people lost money.

[Gruszecki] True, mea culpa. I should not mention transactions that are giving us trouble. I will be more careful.

[GAZETA WYBORCZA] You blame the liberals for leaving a mess after themselves in the ministry.

[Gruszecki] The total disorganization I found shocked me. This ministry is a federation of departments between which there is no flow of information. If cooperation existed, then the several hundred enterprises, for example, which privatization has moved ahead slowly, would have made it into the first pool of universal privatization. Meanwhile, the liberal government, which, strangely, waged an extensive propaganda campaign about universal privatization, placed only 111 enterprises into the first pool.

[GAZETA WYBORCZA] Is there a chance that the government will deal with the corruption in its own administration, if state officials earn 3 million zlotys [Z]?

[Gruszecki] Realistically it is impossible to get someone for Z2.5-3 million who knows economic mechanisms and a foreign language and has a practice. Foreign firms have sent us the best specialists.

[GAZETA WYBORCZA] And so soon we will be writing about scandals of corruption in the Olszewski government.

[Gruszecki] No, it will be worse than that. There will be only cleaning ladies left at the URM [Office of the Council of Ministers].

[GAZETA WYBORCZA] Can this be avoided?

[Gruszecki] The government should propose raises for qualified employees in its administration. But I cannot do this just because somebody is a pleasant person; first the individual must give me some proof that he is qualified. Moreover, this is not merely an issue of raises for administrative employees. Privatization in general will be hamstrung if the Sejm grants us the same meager funding for all of 1992 as it granted in the temporary budget for the first quarter. This time I will not be as conciliatory as I was in the case of the temporary budget;

I plan to battle it out with the finance minister to get more, i.e., Z800-Z900 billion. In the end, the budget makes out on us anyway.

[Box, p 11]

The Privatization of Capital

—The sale of large enterprises, as a rule for a large sum of money, either by means of a public stock emission (for example, Exbud, Zywiec) or to big investors (for example, Polam-Pila was sold to Philips). It is a quite time-intensive and costly route, but to date it has yielded the greatest income into the budget.

[Box, p 11]

Universal Privatization

—Janusz Lewandowski's copyrighted program continued by the present government. It establishes the simultaneous privatization of approximately 400 large state enterprises. So-called investment funds, to be managed by managerial firms, will receive the majority of stock of the enterprises. In turn, all adult Poles will be able to purchase stock from the funds.

[Box, p 11]

Privatization by Liquidation

—Used in the case of bankrupt plants and other small and mid-size enterprises for which it is difficult to find purchasers. The enterprise is liquidated and its assets (for example, buildings) may be sold to employees or to an active investor, they may be sold at auction piece by piece in open bidding or they may be leased.

Liquidation was the method used most often last year for privatization.

Store-Bus Routes Supply Rural Areas

92EP0280A Warsaw GAZETA PRZEMYSŁOWA I HANDLOWA in Polish No 9, 1-8 Mar 92 p 7

[Article by (hen): "Store-Buses"]

[Text] Currently in Poland there are approximately 100 store-buses in service. Obviously, if we consider the number of villages which do not have permanent stores, this is a drop in the sea of need. The number of store-buses will probably continue to grow because small rural stores, which are subject to severe market verification, are more and more frequently not in a position to keep within the bounds of profitability. The store-buses are quite well supplied and they have become a permanent fixture of the market of many affluent countries. For example, in the FRG, there are about 30,000 of them on the road, while in Finland there are more than 1,000 doing a monthly business of approximately \$50,000. In Poland, a pork products store-bus reported record sales of 1 billion zlotys [Z]. The Sat-Hurt enterprise from

Augustow, which makes use of six Autosan-make store-buses, sold over Z22 billion worth of groceries in the first year of its operation. The average monthly turnover of one store-bus ranges from Z150 million to Z450 million. Sat-Hurt from Augustow reaches 35 villages that do not have permanent stores and it offers approximately 340 varieties of groceries.

Pollution Places Upper Silesian Children at Risk

92EP0276A Warsaw *SLUZBA ZDROWIA* in Polish
No 7, 16-22 Feb 92 p 4

[Unattributed article: "Let Us Save the Children of Upper Silesia"]

[Text] Three million, of the four million inhabitants of Upper Silesia, live in chemically polluted areas. One million live in areas so severely polluted by toxic substances that they qualify to be declared an ecological disaster.

Harmful effects of the polluted environment are such that the health of the inhabitants of this region is different from that in other parts of the country. The following are noted in Upper Silesia:

- Birth rate lower than the national average;
- Life span lower than the national average;
- Death rate higher than the national average;
- Prevalent causes of death: diseases of the circulatory system, cancers, accidents, and traumas;
- Higher than normal death rate of men between 31 and 55 years of age;
- A high percentage of pathological pregnancies;
- A growing percentage of children and youth with deviations in their psychological and physical development. For the four million inhabitants of the region, over one million are youth and children.

Based on the findings of the Voivodship Health Care Team for Mothers, Children and Youth, and the Voivodship Station for Disease Control, it was determined that there was a definite statistical relationship between the health of children in the Katowice voivodship and the average concentration of nitric oxides and sulphur dust in the air.

The level of air pollution has an adverse effect mainly on the respiratory system. Diseases of the upper respiratory system, such as pneumonia and bronchitis, which are on

the increase, are typically more severe and tend to recur. The occurrence rate of bronchitis and asthma in cities with high air pollution and high population density is between 0.8 and 7.6 percent.

It has been determined that children living in areas with high industrial pollution levels have a three to four time higher rate of recurring bronchitis and asthma.

A very serious problem in babies and children are the delayed effects of the hypoximia of the central nervous system that occurs around the time of birth. Depending on the extent of changes, the symptoms are: slow development of the psychomotor system, personality pathologies, and damages to the motor system. They all require an early and long rehabilitation. It is estimated that in the Katowice voivodship about 43,900 children from 0 to 15 years of age require such a rehabilitation.

The findings show that boys born and living in Silesia usually weigh less and are smaller than boys of the same age in other parts of the country. Girls also differ in size and height from the national average. Acceleration, so typical in children from other regions, is not evident in children from Silesia.

The health care system for prophylaxis, treatment and rehabilitation, created in the past years, is inadequate to cope with the environmental effects on people's health, especially that of children and youth. Although these matters have been declared extremely urgent, the present economic situation of the country will not allow an upgrading of conditions.

Many actions are being undertaken in local communities to solve this particular problem. Among other initiatives, rehabilitation centers for handicapped children have been organized. In the last two years, eight such institutions were established in the Upper Silesian region, with 385 beds. There are efforts to create three more.

The primary condition for a continued functioning of the existing rehabilitation centers for handicapped children is financial support. Their existence depends mainly on charity.

Further functioning of the Silesian Children Rehabilitation Center at Rabka also depends on considerable financial support. It is the only sanatorium for children with diseases of the upper respiratory system, under the authority of the Voivodship Health Department in Katowice, situated outside the voivodship. The center, built in the 1950's, requires complete modernization, including a construction of a gas heating system. The cost of this operation is estimated at 15 billion zlotys. Sponsors for this project are urgently needed.

Lack of Money Hinders Privatization in Macedonia

92BA0668B Skopje NOVA MAKEDONIJA
in Macedonian 7 Mar 92 p 15

[Article by Gotse Grozdanovski: "No Change Is Possible Without Money"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Ownership changes provide opportunities to increase efficiency and to acquire fresh capital to finance reproduction. Privatization in stages.

The program for the privatization of public assets in Macedonia was drafted in accordance with the specific features of our economy (and of the enterprises), and, as Minister Jane Miljovski, its author, said recently at the meeting with Resen entrepreneurs, it offers tremendous opportunities to attract capital and direct it toward financing reproduction. This would be achieved by introducing real stock ownership and not only as a result of an official change in ownership, as was the case with the intraenterprise acquisition of shares. The transformation of social relations is impossible without funds actually being invested, and, in that sense, the essence of this major and complex process is to have clearly established owners, to develop a new ownership structure on such a basis, and to establish a real shareholding sector, whose capital would stabilize the economy. Such ownership restructuring, based on the logic of the market, should start as of the month of May, and its first stage should take five years. Some 15,000 enterprises have been registered in the Republic, but the first phase of privatization will cover only 1,400—880 small (employing no more than 50 persons); 435 medium-sized (no more than 250 employees); and 135 large (employing more than 250 persons). Monopolies, noneconomic enterprises, and losing enterprises will not be privatized. To successfully implement the entire transformation process under the expert supervision of the agency or, alternately, the Ministry of Privatization, in accordance with a proper law, a number of parallel reforms will have to be made in the taxation and banking systems, legislation, bookkeeping, and other areas.

The privatization process will begin with the conversion of public enterprises into companies, which will mean selling about 80 percent of the public assets, which makes the issue of assessing their value important. It is precisely most of those assets that have become obsolete (or already old). Because of high percentages of amortization, their book value (assessed at some \$12.5 billion) is higher than their actual value by a factor of four. This is equally noted in the indications of the real market value, the purpose of which is to attract foreign capital.

Dominant Owner With "Live" Money

The most important process will be the privatization of the large enterprises, which will be classified into three categories: those to be sold, those that require substantial restructuring, and those in a state of bankruptcy. The

restructuring (which would include their debts) will be the key problem in their privatization, and the conditions to accomplish this should also include the mechanisms that will ensure the implementation of the plan for restructuring (as presented by the purchasers of stock or the agency) the organization of the enterprise, investment plans, personnel status, marketing, production strategy, efficiency, profits, and so forth. For that reason, it is suggested that the stock to be classified into several groups, thereby establishing a main stockholder and enabling foreign purchasers to buy the controlling package of shares. The agency would divide its own stock into two groups: passive stock (nonvoting, but stock that could be sold and earn dividends) and stock whose value depends on efficiency (with the right to participate in management, supervision, the administrative council, and so forth). Forty percent of the total amount of shares would be nonvoting and 20 percent paid from savings accounts, the amounts of which would be converted into stock within a period of 12 to 18 months; 15 percent would go into the Macedonian pension fund and 5 percent to the employees as a reward for their contribution to the implementation of the plan for restructuring. The remaining 60 percent of the shares would be rated on the basis of efficiency, and, to acquire the balance of the necessary capital, purchasers would be able to assume control of an enterprise by paying for 10 percent of the total amount of shares with cash (and with the commitment to implement the restructuring plan), while the balance, which should be no less than 51 percent, would be paid according to a contractual plan that would have to be implemented within the stipulated time. It is on the basis of the restructuring and as the debts are being paid that the stockholders would be able to earn dividends, while the stock could be sold even after two or three years, with a view to preventing price disparities and establishing its true market value. Anyone would be able to buy stock, and the profits would depend on the efficiency and successful work of the enterprise. The so-called contracting for or sale of individual technological units of the enterprise and their autonomous operations would be a significant part of the privatization of large enterprises. This would mean either leasing or selling these units to the personnel (either separately or as new privately owned enterprises), based on term payments, or they might be considered part of the funds the enterprise would have to pay for services. The purpose would be to ensure a flexible service sector, to improve productivity and management, and to reduce costs and unemployment.

Auctions, Credit Purchases

Sales of small and medium-size enterprises should begin without extensively involving the agency; additional possibilities have been envisaged for sales—instant sales, auctions, sales on credit, and so forth. Auctions are considered to be the most suitable method, with offers being accepted from the personnel (singly or in groups) and from third individuals. The purchasing would be done with ready cash (20 percent), out of funds from

blocked savings accounts (50 percent), or with the help of bank credits (30 percent); the winners in the auction would be granted full ownership rights. In the case of larger medium-size enterprises, several other types of purchases on credit, with small down payments, are contemplated. An independent assessor would first assess the value; this would be followed by a series of offers. The purchaser would be able to borrow funds, provided his offer exceeded 50 percent of the assessed value. The balance would consist of credit, and the maximum unpaid amount could be 20 percent of the assessed value. Other possibilities for purchasing are also contemplated (privatization with additional capital), and reprivatization is not excluded, based on the proper law, but not related to the privatization program. Furthermore, in the case of some 250 enterprises whose privatization has been undertaken (with intraenterprise stock being issued) but without additional capital and without significant restructuring, a transitional period is contemplated, in the course of which decisions concerning the problems of ownership rights will have to be made, based on paid-up internal stock, the efficiency of restructuring, investments made by third individuals, and so forth.

Therefore, the Macedonian economy is on the eve of a major and complex economic process of ownership change, which, according to the logic of the market, should ensure

an influx of capital to finance reproduction. This, however, cannot be achieved without the integral and unreserved support of all the promoters and participants in such reproduction. It is obvious that their ideas also must be heard, which was the purpose of the recent presentation of the program to Resen entrepreneurs. However, considering their astonishingly small degree of understanding of the essence and significance of the decisions, the expected explanation was reduced to a mere two-hour convincing and well-argued expert presentation by its author, Dr. Jane Miljovski, and to a few insignificant questions of an informative nature. No one mentioned the problems (or their resolution) created by the already accomplished privatization, although the meeting was attended by the directors of seven Resen enterprises that had already undertaken such privatization with internal share distribution, the results of which were not outstanding. Therefore, no answer was provided to the question of their readiness to become involved in the implementation of the coming extensive long-term activities for fundamental market property restructuring, although, judging by the significance of the suggested reforms, they could become involved in it, regardless of their inherent fear of change and the risks intrinsic to the new, market-oriented way of thinking and behavior, the more so since the times of everybody's and nobody's ownership are past, and qualitatively new relations and foundations for overall development are appearing.

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